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REPORT

OF THE

ROYAL COMMISSION

ON THE

GRAIN TRADE OF CANADA

1906

PRINTED BY ORDER OF PARLIAMENT



OTTAWA

PRINTED BY S. E. DAWSON, PRINTER TO THE KING'S MOST
EXCELLENT MAJESTY

1908

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REPORT

OF THE

ROYAL COMMISSION ON THE GRAIN TRADE OF CANADA

1906

To the Right Honourable Sir Albert Henry George, Earl Grey, Viscount Howick, Baron Grey of Howick, in the County of Northumberland, in the Peerage of the United Kingdom and a Baronet, Knight Grand Cross of the Most Distinguished Order of Saint Michael and Saint George, etc., etc., Governor General of Canada, in Council.

We, His Majesty's Commissioners, appointed by Commission, dated July 26 A.D. 1906, to inquire into matters connected with the grain trade of Canada, beg leave to submit our report. The terms of reference, as contained in the order in council of July 19, 1906, are as follows:—

"To take into consideration all or any matters connected with the Inspection and Sale Act and the Manitoba Grain Act; and in connection therewith shall have power to visit the grain growers, the elevators all over the wheat-growing region, the methods of handling the grain at the various stations, farmers' elevators, as well as companies' elevators, the distribution of cars, methods of the grain dealers in Winnipeg, Toronto and Montreal, and the system of government inspection and collection of fees, selection of grades, and the methods of handling the grain at Fort William and Port Arthur, at the lake ports, at Montreal, St. John and Halifax, and also the conditions existing as to the manner of handling the grain upon its arrival in England."

We met in the city of Winnipeg, on August 23, 1906, for the purpose of considering the terms of the reference and determining upon our plans and procedure. As the farmers were in the midst of harvesting, we decided to leave the investigation of matters in the country until a more convenient time, and to consider first only those matters pertaining to the grain trade in Winnipeg and to the eastward.

We held our first public sitting in the city of Winnipeg, on August 29, 1906, and inquired into the manner of handling grain after its arrival in Winnipeg. This included an investigation into the operations of elevators in Winnipeg, the grain inspection department and the system of marketing grain to the eastward.

Proceeding to Fort William and Port Arthur, we inquired into the operation and status of the terminal elevators there, and then followed the course of the grain to the Georgian Bay and Lake Huron elevators, investigating the system of handling, binning, storing and weighing of the grain.

Sittings were held in Toronto, Kingston and Montreal, and after considering the marketing and handling of grain at those points, we returned to Winnipeg via Buffalo, Port Huron, Chicago, Minneapolis and Duluth, having conferences at those places with inspectors, weighmasters, elevator operators and other persons in the grain trade, for the purpose of comparing our system of handling grain with the systems in vogue in the United States. We wish here to acknowledge the many courtesies extended to us in these cities and to express our appreciation of the assistance afforded us.

During our eastern tour, we were in communication with the Grain Growers' Associations of Manitoba, Saskatchewan and Alberta with reference to places and dates of meetings in those provinces. The meetings were advertised through the public press, by circulars, and through the Grain Growers' Associations.

Between November 5 and November 19 we held sittings in Portage la Prairie, Brandon, Souris, Cypress River, Carman, Manitou and Deloraine, and returned to Winnipeg at the request of the Grain Growers' Associations of Manitoba and Saskatchewan, to hear evidence they wished to produce at that time relative to an alleged combine in restraint of trade of the Winnipeg Grain and Produce Exchange and the North West Grain Dealers' Association. The Grain Growers' Associations requested that they be permitted to retain counsel to appear on their behalf. This permission was granted, and a similar privilege was accorded to the Winnipeg Grain and Produce Exchange and the North West Grain Dealers' Association.

The hearing of this evidence occupied from Tuesday, November 20, to Saturday, November 25, and owing to appointments in the country already made, we left the taking of further evidence until our general investigation into the methods of the grain dealers, the Winnipeg Grain and Produce Exchange and the North West Grain Dealers' Association, which we purposed taking up on the completion of our sittings in the country.

On Monday, November 27, we continued our itinerary in the country, and held sittings in Manitoba at Hamiota, Neepawa and Dauphin, and in Alberta at Lacombe, Edmonton, Calgary, Claresholm, Macleod and Pincher Creek. At the special request of the Alberta producers, we went to Vancouver to inquire into the possibilities of development of a trade westward for Alberta grain, and the advisability of building a terminal elevator at Vancouver.

After adjourning over the Christmas and New Year's holidays, we held sittings in Saskatchewan at Moosomin, Indian Head, Regina, Moosejaw and Weyburn. We had intended holding sittings in Saskatoon and Prince Albert, but owing to the snow blockade on the railways, it was impossible for us to reach these places, and we returned to Winnipeg, but wrote asking that evidence be forwarded to us in the form of affidavits.

On our return to Winnipeg, we completed our investigation into the methods of the grain dealers, the Winnipeg Grain and Produce Exchange and the North West Grain Dealers' Association.

Recognizing the impossibility of completing our investigation and submitting a report before the closing of the last session of Parliament, we adjourned early in February until May before proceeding with our investigation on the eastern seaboard and in Great Britain.

On May 14 we met in Ottawa, and thence proceeded to New York, Boston and Portland. At these points we investigated the handling of Canadian grain under Canadian inspection, and also under seaboard inspection. We then proceeded to St. John and Halifax, and inquired into the handling of grain through the elevators of the Canadian Pacific Railway and the Intercolonial Railway. We sailed from Quebec for Liverpool on May 31.

In Great Britain we visited the following cities in the order named, and held conferences with the members of the Corn Trade Associations and millers: Liverpool, London, Bristol, Glasgow, Edinburgh, Leith, Hull, Manchester, Dublin, Belfast and Exeter.

The Corn Trade Associations, at our request, had been for several months previous to our visit, collecting type samples of cargo arrivals of Canadian grain of the crops of 1905-6 and 1906-7. These samples, which had been officially drawn and sealed, we examined carefully and compared with type and standard samples which we had taken with us, and also compared them with Canadian standard samples sent direct from the chief inspector's office in Winnipeg to the secretaries of the Corn Trade Associations. At all these places

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we visited the markets where the grain was exhibited for sale, and had an opportunity of seeing the merchants' samples from all grain-exporting countries.

On our arrival in London we called upon the Canadian High Commissioner, Lord Strathcona, and received valuable assistance from him in the prosecution of our inquiry. We completed our work in Great Britain and Ireland at the Convention of the National Association of British and Irish Millers at Exeter, and adjourned to meet in Winnipeg, on August 26, for the compiling of our report. At every point we visited in Great Britain we were received very kindly by the members of the trade, and valuable assistance was given to us in the prosecution of our inquiry.

We do not propose to take up the matters to be dealt with in the order of our itinerary, but rather to follow the grain from its initial marketing to its ultimate destination,

Among the matters brought to our attention were: Improper weighing at country elevators; excessive dockage taken; returning of screenings to farmers at country elevators, and the allowance for screenings at terminals; special binning; car distribution; car shortage; complaints against the Inspection Department; the operation of elevators in Winnipeg, Fort William, Port Arthur and eastern ports; complaints regarding the inspection of grain at Montreal; complaints regarding the completion of contract in track wheat and consigned wheat; complaint that prices paid in the country were too low, and the spread between street and track prices too great.

Before proceeding to the consideration of these matters and grievances, we wish to refer briefly to the general grading system, which is the foundation of the grain trade of Canada. After inquiring carefully into the manner of doing business in this country, the United States and in Great Britain, and considering the methods under which grain imported from other countries is handled and sold on the British market, we have come to the conclusion that the grading system is the most suitable to our requirements. We think also it would be very unwise to alter the grades established, but owing to the ever increasing production of certain types of grain in the newer provinces, we suggest some new grades. These will be dealt with later in the report.

WEIGHING AT COUNTRY ELEVATORS.

A considerable number of complaints were laid before us of improper weighing at country elevators, and as a remedy it was suggested that government weigh-scales be installed at each buying point throughout the country. Feeling satisfied many of these complaints were well founded we have given this matter our serious consideration, and have come to the conclusion that any scheme of public or government weights would be impracticable. We cannot suggest any plan which will be just as between the elevator and the farmer to insure that the farmer will receive his proper weight, other than the rights which are now given him in the Manitoba Grain Act, and the protection he has under the law as to weights and measures. We think, however, when the Warehouse commissioner has investigated a complaint, as provided for in section 68 of the Manitoba Grain Act, and found the complaint and charge therein contained, or any part thereof, true, he should be given power to direct the owner of such elevator to make proper redress to the person injured, and to order the discharge of the offending operator. (See Appendix A, Amendment No. 12.)

DOCKAGE.

Many of the producers market grain without being cleaned on the farm, and when weighed at the country elevator an amount is taken off the gross weight to allow for cleaning of the grain to the grade at which it is sold by the farmer to the elevator operator. Besides this dockage it is customary to take off the odd pound to the bushel and half bushel in weighing the wagon loads, for the protection of the elevator in handling the grain. Considerable testimony was given before us, generally, as to the dockage taken being excessive, but it was difficult to procure direct and conclusive evidence. We had evidence and state-

ments presented to us by the elevator companies in Winnipeg, showing their losses and gains in both weights and grades. They contend that weights and grades cannot be separated when considering the question of dockage, because at times they give a high grade price and take heavy dockage, while at other times they give a low grade price and take a light dockage. In the first case they at times sell the grain at the gross weight without dockage at a rejected grade price, and in the second case they sell the grain at a regular grade price with the dockage assessed by the inspector to clean it to grade. With the large quantity bought and sold this way, which is on the increase, it is impossible from these statements and the evidence to arrive at the actual overage or shortage in the country elevator. In this connection, and in connection with our remarks on the grading system, we wish to draw attention to the fact that the percentage of grain inspected rejected for dirt in the crop of 1905 was four per cent, and in the crop of 1906 seven per cent, an increase of three per cent. The statements submitted by the elevator companies show, in almost every case, a surplus in weight but a loss in grades, as explained in the foregoing paragraph, and show in the majority of cases a net loss to the company in weights and grades at the purchase price. The statements of the elevator companies include shrinkage and leakage in transit from the country elevators to the terminals, and the sixty pounds per car that is deducted from every car going into the terminal elevators for the protection of the terminals in handling, make it still more difficult to arrive at a fair comparison. We cannot suggest any further protection to the farmer in marketing his grain at the country elevator than he has in section 65 of The Manitoba Grain Act, and our amendments in Appendix A.

DISPOSITION OF SCREENINGS.

In considering the question of the disposition of screenings from the grain as delivered from the farms, we find that at such elevators where cleaning machines are installed many of the farmers are in the habit of taking home screenings cleaned from their own grain, and where the grain is shipped in its unclean state to Fort William and Port Arthur the screenings that are taken out there seem to be disposed of without any regard to the district to which they are shipped. Generally we find great carelessness exhibited in the handling of foul seeds, both in the screenings and the grain, and we wish to draw attention to the tremendous increase in the quantity of foul weeds being grown in the provinces of the west, and the possibility of spreading this growth to Ontario. From Fort William and Port Arthur, we find that screenings (made up largely of domestic grain screenings, but containing a large quantity of foul seeds) are shipped to different points in Ontario. The question of the disposition of these seeds of course is in the hands of the provincial governments, and we presume, therefore, that we are not in a position to recommend any regulations controlling the disposition of same, but we think it a matter that should be dealt with vigorously. Any legislation with regard to the handling or disposition of screenings should be in the direction of discouraging the growth of weeds upon the farm, and, therefore, we do not feel inclined to suggest anything in the line of requests made of us in the country to have the elevators at Fort William and Port Arthur return to the shippers of grain value for noxious weed screenings taken from their grain in the ordinary course of cleaning, but we have deemed it wise to recommend compensating the shipper for domestic grain screenings.

We are suggesting amendments providing for the assessing of the percentage of dirt in all grain passing through the inspection department, and in one of these suggested amendments we are making provision for marking upon the inspection certificate the percentage of domestic grain contained in the cars inspected, and in another amendment for the allowance of the value of said grain by the terminal elevators to the shipper. (See Appendix A No. 2 and Appendix B No. 10.)

SPECIAL BINNING.

We have had complaints of loss by the farmers owing to the alleged substitution of and mixing grains with that which was special binned. To prevent this practice, we are

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suggesting an amendment providing for the keeping of samples of all such special binned grain. (See Appendix A No.).

INTERIOR STORAGE.

As a suggested relief to the car shortage in the country, a proposition was made by the Grain Growers' Associations and individual farmers that the government should build and operate at certain convenient points, large interior storage elevators having facilities similar to those in the terminal elevators at Fort William, so that the grain might be shipped to them from shipping points throughout the country in the cars that were available and by reason of the fact that the haul would be very short, the cars could return quickly to the country again for another load, in this way moving from two to four times the amount of grain from the country shipping point that they would if going on the long haul direct to Fort William. Another argument advanced in favour of these elevators was the fact that farmers and others shipping to them would get official weights and grades and be able to sell in the elevator or raise money on the grain.

We believe that this plan is not practicable for the following reasons:—

1. It would entail extra expense of handling, the payment of stop-over charges to the railways, and the expense of inspectors and weighmen.

2. Extra loss to the grain in handling and re-handling.

3. These elevators must of necessity be very substantial and costly, and when the time comes that the railways are in a position to supply sufficient cars to carry a reasonable proportion of each season's crop, these interior storage elevators would be useless.

4. In evidence received from the grain merchants and elevator operators, they claimed they would not store grain in these interior houses because it would not be available for market requirements, and on the opening of navigation, it would still have to be forwarded to the head of the lakes.

5. But the great objection to this scheme is the difficulty of getting shippers to send their grain to these elevators. For them to be of any value the grain would have to be kept in store until at least the first of April, otherwise they would not be any relief to the car situation. To obtain supplies for these elevators, it would be necessary to take an arbitrary course with the shippers of grain and compel them to ship to the interior storage elevators. Any shipper of grain who would get a car through the order book in the usual course, would naturally want to ship his grain to Fort William, so that he might sell it at track price of the day, which, in ordinary years, would be from three to five cents a bushel more than it would be worth in the interior storage elevator.

FLAG STATIONS.

We find that a large number of the grain shipping points in Manitoba, Saskatchewan and Alberta are not supplied with agents to receive shipments, seal the cars and receipt bills of lading for them. In our opinion many of these points ship a sufficient amount of grain to warrant the railroads in placing an agent or some suitable person at these points at least during the busy season. The shippers are inconvenienced by the lack of any one in authority, and we suggest that at all places where over fifty thousand bushels of grain are shipped, the railroads should appoint some suitable person from September 15 to January 15 as per amendment. (See Appendix A No. 20.)

TRACK PRICES AND STREET PRICES.

We find that in buying grain in the country there are two prices paid, the first is that which is paid the farmer after the grain is loaded on the car, settlement being made upon Winnipeg inspection and Fort William weights. This price is termed 'track price,' and is based upon the spot cash price of grain at Fort William. The other is that which is paid the farmer load by load as he delivers it into the country elevator, settlement being made

on the elevator operator's grading, weights and dockage. This price is called 'street price,' and is based largely upon the possibility of getting grain shipped forward to Fort William. Where there is no car shortage, the price is based upon the Fort William cash price, less the cost of handling through the country elevator. When there is a car shortage the street price is based upon the quotation for future delivery as arrived at in the Winnipeg market, such future delivery price being based upon the price of the month in which, in the judgment of the elevator company, the grain can be got forward. The farmer complains very strongly of the spread between street and track prices and points to the fact that there is no local competitive bidding, but a uniformity in price for either street or track grain, and takes this as evidence of a combine amongst the grain dealers in Winnipeg. We wish to point out that there is practically no relation between street price and track price in time of a car shortage, from the fact that track price is paid only for grain after it is loaded on the car, when it then becomes spot or cash grain, while the street price, owing to the car shortage, is of necessity based on the price for future delivery allowing for all carrying charges and expenses until cars are available. We find the spread between these two prices is largely dependent upon the car supply. Where there is an ample supply of cars, the spread is reduced to the cost of handling the grain by the elevator plus a profit, but at stations where there is a very poor supply of cars, we find this spread runs up as high as eight and nine cents per bushel. We will further discuss these prices under the head 'The Winnipeg Grain and Produce Exchange and The North West Grain Dealers' Association.'

CAR SHORTAGE AND CAR DISTRIBUTION.

As our inquiry in the country proceeded, it became apparent that the troubles that the farmers complained of, and also those complained of by the elevator companies, could be overcome by a plentiful supply of cars. A farmer dissatisfied with selling or shipping his grain through a country elevator could, with a plentiful supply of cars, load and ship direct to Fort William. Furthermore, as we have already explained, with a plentiful supply of cars, an elevator operator would be able to pay the farmer a higher price for the grain sold on the street.

In a time of car shortage to be able to get grain on the track is a considerable advantage to the shipper. To show the value of cars during the shipping season when there is a car shortage, a thousand bushels of wheat in a car is worth to a farmer or an elevator operator from forty to eighty dollars more than the value of the same quantity of wheat calculated at the street price.

Realizing the importance of the relation of the car supply to the grain trade we made an interim report last December as follows:—

*To His Excellency,
The Governor General in Council.

'His Majesty's Commissioners, appointed to investigate the Grain Trade of Canada* beg to make an interim report respecting one condition which is very seriously affecting the trade at the present time.

'We find after careful inquiry that the railway companies have not been supplying sufficient cars to move a reasonable portion of the western crop before the close of navigation on the Great Lakes this season, nor for the past few years, and this condition does not appear to be improving, but on the contrary is becoming more aggravated from year to year.

'We find that last year 32,141 carloads of grain were inspected during the months of September, October and November, 1905, and for the same period in 1906 only 31,486 cars, notwithstanding the fact that the harvest of 1906 was at least two weeks earlier than in 1905. We also find that there has been a most decided car shortage this year right from the commencement of the season, and the shortage was very acute before any considerable quantities of coal for domestic purposes commenced to be moved, so that we are of the opinion that the contention of the railway companies to the effect that they were obliged to cope with excep-

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tional conditions in the coal trade does not explain the shortage of cars in the grain trade this year.

'We find that the price paid for grain to the producer varies in the country markets to a considerable extent, according to the car supply at point of purchase. The car shortage has thus been the source of a heavy loss to the grain producers in Western Canada this year, and a serious detriment to the trade generally.

'We would, therefore, respectfully recommend that some steps be taken to have the supply of cars on the railways greatly increased at as early a date as possible, as, in our opinion, the very rapid development of the grain growing industry in Western Canada will result in the car shortage becoming more and more pronounced unless some steps be taken at once to relieve the present condition and to anticipate the production of the vast areas of new lands that are being rapidly brought under cultivation.

'We further find that the cars that are being supplied are not being distributed equitably among the various country points, the points having competing railway lines receiving as a rule an adequate supply, while the points having only one line of railway, which points are very much in majority, receive a very inadequate supply. This state of affairs results in the farmer living near a competing railway point receiving several cents per bushel more for his grain than one obliged to market his product at a non-competing point, having the same freight rate.

'We would, therefore, respectfully recommend legislation providing for reciprocal demurrage (that is to say, that after a reasonable time from the ordering of a car, the railways be chargeable with demurrage until the car be furnished) and such other legislation as will ensure an equitable distribution of cars.

'All of which is respectfully submitted.

'Dated at Vancouver, B.C., this 21st day of December, 1906.'

In our interim report we say we find that the cars are not being distributed equitably among the various country points. To overcome this we would suggest an amendment to The Manitoba Grain Act, giving the warehouse commissioner power to direct the railroads to make a more equitable distribution where he finds it necessary. (See Appendix A, Amendment No. 23.)

ORDER BOOK.

At many stations the provisions of The Manitoba Grain Act for the distribution of cars through the order book have been grossly violated to the prejudice of both farmers and elevators, in the placing of fictitious names upon the order book, and the transferring of rights in cars from one individual to another. To overcome these violations we propose amendments to the Act providing for the deposit with the railway agent of a fee of two dollars with every application for a car, either through the shipper himself or his qualified agent. We provide for the filling in of such order book by the agent himself in ink, and the issuing of a receipt to the applicant or his agent for the fee of two dollars paid. (See Appendix A, No. 15, 16 and 18).

To carry out these provisions we suggest that the warehouse commissioner direct the railroads to use an order book of the form shown in Appendix D.

We also suggest provisions for the summary conviction before a justice of the peace, of any party or parties who violate the provisions of the Act covering the ordering of cars through the car order book, and we indicate what are violations of the Act. (See Appendix A No. 17.)

We find that after the close of navigation during the winter season there are a number of cars shipped all rail from the country direct to the St. John elevators, and as a number of these cars are shipped by farmers who have made sale upon the basis of Fort William outturns there is a very serious delay and cause of complaint owing to the time it takes for the car to reach St. John, the possible heavy leakage in transit, and the fact that the cars are not weighed out by a government weigh master at St. John. There are no proper cleaning

facilities at the port of St. John, and we found at that elevator regular grade grain carrying dockage was binned with regular grade cleaned grain, which is contrary to the provisions of the Inspection and Sale Act. To overcome this we suggest that no grain shall leave the Manitoba Inspection Division without being officially weighed, and cleaned, if necessary, at a public terminal elevator. (See Appendix A, No. 24.)

We find that there is no provision for the protection of a farmer in case of the cash purchase ticket issued to him by an elevator operator for a load or loads of wheat being dishonoured by the paying agent. We therefore suggest an amendment to the Manitoba Grain Act calling for the exchange of his cash purchase ticket for a storage ticket in case of failure to redeem such cash purchase ticket within twenty-four hours after it is issued. (See Appendix A, No. 7.)

It is the custom of some country elevator operators to issue one cash purchase ticket or storage receipt for several loads of grain instead of issuing a separate ticket or receipt for each individual load, which seems to be the intention of the Act at present. This custom leads to many disputes between the seller and the buyer of grain. We would suggest, therefore, making it compulsory for the country elevator operator to issue a cash ticket or storage receipt for each and every load of grain as received by him at his elevator. (See Appendix A, No. 7.)

Referring to the privilege of the elevator operator to ship stored or special binned grain to a terminal elevator, we find that at the present time the elevator operator is not required to give notice to the owner of the grain until after the shipment. This in many cases proves a hardship to the owner, and we would suggest, therefore, that notice be given before such shipment. (See Appendix A, No. 8.)

We had several complaints in the country that elevator companies, after receiving instructions from the owner to ship stored or special binned grain, shipped such grain in the name of the elevator company and retained the bill of lading, and in some cases disposed of the grain. The excuse for this was that the owner of the grain had not surrendered his storage receipts and paid all charges that had accrued against the grain. As the provisions of the Act now call for the surrender of all storage receipts it is reasonable that the elevator company should in case of shipment of grain without such surrender and payment of charges, retain possession of the bill after the grain is shipped, but it is unreasonable that they should dispose of the grain without the consent of the owner. We therefore suggest an amendment providing for the holding of the bill of lading representing any stored or special binned grain shipped upon the demand of the owner until such time as the storage receipts have been surrendered and all lawful charges paid, and making provision that the elevator company shall not dispose of such bill of lading without the consent of the owner of the grain, and also making provision for the bill of lading covering such grain to be made out in all cases in the name of the owner. (See Appendix A, No. 10.)

To provide for the settlement of disputes as to grade of stored grain between the elevator operator and the farmer, we have suggested amendments to sections 65, 66 and 67 of The Manitoba Grain Act, and have included in this clause provision for the settlement of disputes as to both grade and dockage on grain sold by the farmer to the elevator, as now provided for by section 131 of the Inspection and Sale Act, which we suggest repealing. (See Appendix A, No. 11.)

To provide for the right of a shipper to order a car or cars of sizes according to his requirements, and for the retaining of his priority on the order book in case cars of other dimensions are tendered him, we suggest an amendment to section 89. (See Appendix A, No. 15.)

It has been necessary in a number of instances for the warehouse commissioner to order cars contrary to the provisions of the Manitoba Grain Act to elevators which were in danger of collapse or in which the grain was heating. We understand that the action of the warehouse commissioner in these cases has been confirmed by the Department. We think that he should have the power to so order cars, and suggest an amendment for that purpose. (See Appendix A, No. 21.)

We notice that subsection 7 of section 26 of The Manitoba Grain Act, 1900, has been made section 40 of chapter 83 of the Revised Statutes, 1906, and that the word 'section' in

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the first line of subsection 7 has been changed in section 40 of the Revised Statutes to 'Act.' It is possible to construe section 40 of the Revised Statutes to permit special binning of any kind of grain in terminal elevators, while it is clearly the intention of 'The Manitoba Grain Act to prohibit such special binning in these elevators. Subsection 7 of section 26 of The Manitoba Grain Act, 1900, speaks of the special binning of damaged grain, as permitted under that section. We urge that section 40 of the Revised Statutes be restored to its original connection; and further, would recommend that the following words be struck out, 'when such storage in a special bin has been agreed upon between the parties.'

INSPECTION ACT.

We find considerable uncertainty among the farmers of the west as to whether the word 'red' in describing the varieties of spring wheat refers to the colour or the variety, or to both. This uncertainty arises from the fact that in some years and on some lands the genuine Red Fife becomes mottled or loses its red colour. When this occurs, not only the colour of the bran is changed but the colour of the interior of the berry, and of necessity the nature of the grain for flour making purposes will be changed to a certain extent. It is quite clear to us that it was the intention of the framers of this Act in defining the grades of red Manitoba spring wheats to include in the percentage demanded of hard red wheat only that variety known as Red Fife, and only such wheat of that variety as was true to its type—that is, of a pure red colour and hard. To keep our grades of wheat up to their present standard of quality for milling purposes, we think it would be very unwise to permit any grain to go into these grades that would not come up to what was evidently intended; and to make it clear to the farmers and the trade in general, and to the Inspection Department, we suggest adding a clause to the interpretation section of the Inspection and Sale Act defining what is meant by the words 'hard red Fife' in section 137. (See Appendix B, No. 1.)

In our consideration of the grain standards board we find that they have no power to set commercial grades for oats. Whatever may have been the reason in the past for excluding oats from the jurisdiction of the standards board we can see no reason for this to-day. It would be an advantage to the trade and the producer to have commercial grades for oats in off seasons, and it would make our grading system complete. Therefore, we recommend that the standards board be empowered to fix commercial grades for oats whenever necessary. (See Appendix B, No. 3.)

We have a complaint from the Inspection Department that the railroad does not give them sufficient time in which to sample cars stopped at Winnipeg for inspection. It is absolutely necessary for the proper sampling of the grain that the inspector have power to hold cars in the railway yards until such time as they are satisfactorily sampled. We therefore recommend amending section 123 of the Inspection and Sale Act to cover this. (See Appendix B, No. 4.)

In Alberta requests were made for new grades to cover white winter wheat now being grown there and white oats of an exceptionally high quality. The production of these grains is increasing in such quantities that we believe we are warranted in suggesting new grades to cover them, and there is no doubt that the trade is looking for such grains. The white winter wheat grown in Alberta seems to have peculiar qualities suitable for all kinds of biscuit making. We suggest three grades for Alberta white winter wheat and one grade for No. 1 Alberta oats. (See Appendix B, Nos. 11 and 12.)

GRADE FOR BLEACHED WHEAT.

Many complaints were made in the country that wheat slightly affected by weather conditions is excluded from the grade to which in the opinion of the farmer it rightly belongs. The wheat referred to is that which has received one or more showers of rain while standing in the stack and in the wetting and drying process has become bleached to some extent. There are degrees of bleaching but the contention of the farmer refers particularly to a slight bleaching, which, he contends, affects the skin of the berry only. This complaint also applies to wheat that has been threshed in a slightly damp condition and immediately shipped to the market.

Scientific tests of this type of bleached wheat were laid before us, but as the manner of taking the samples was not satisfactory to us we had samples drawn and sent to a laboratory for tests as to flour making and baking qualities. From these tests we are led to believe that the slightly bleached samples were quite as good as those that were not bleached. Notwithstanding that the test would indicate that this slightly bleached wheat is as good as the unbleached we think it would be very unwise to permit it to be graded into the grade that it would otherwise have gone.

Regarding slightly tough and damp wheat it is practically in the same condition as bleached wheat before being dried out in the stack. This wheat, which is usually bright in colour, is dried by artificial means, and when dried will be similar to the bleached wheat, and the same reasons may be given for not permitting it to go into the regular grade. As there are considerable quantities of these two kinds of grain nearly every year we suggest making a new grade to be known as No. 1 Manitoba Bleached, for the purpose of taking care of these two kinds of wheat. (See Appendix B, No. 13.)

VARIETIES OF SPRING WHEAT OTHER THAN RED FIFE.

There are red varieties of spring wheat other than Red Fife being grown, and while the grades as defined in the Inspection and Sale Act call for Red Fife wheat only, the Inspector has been in his discretion grading these red varieties into one northern and lower grades. We have drawn an amendment to permit of this being done. (See Appendix B, No. 14).

GRAIN STANDARDS BOARD.

We were asked to recommend that the present grain standards board be abolished and a permanent salaried board established. In our opinion the present standards board is sufficient for all the purposes for which it was appointed, and therefore do not see any reason for acceding to this request. We find, however, there is only one person from Alberta a member of the grain standards board, and considering the large increase in production of grain in that province, and the possibility of further increase, we respectfully recommend the appointment of another person from Alberta to membership on the board.

SURVEY BOARD.

We also received several suggestions for the establishment of a permanent salaried survey board for the Manitoba Inspection Division, such suggestions no doubt arising from dissatisfaction with or lack of confidence in the present system. We have inquired into the working of the survey board in Winnipeg, as well as the survey boards of Minneapolis and Duluth, and have come to the conclusion that our present system of survey is efficient and suitable to the requirements. The dissatisfaction expressed in the country in our opinion is not warranted. We would, however, suggest an amendment to section 130 of the Inspection and Sale Act making it clear that the owner or possessor of the grain may have a fresh sample drawn by the Inspection Department on which re-inspection or survey shall be made. (See Appendix B, No. 8.)

SAMPLE MARKET.

We have had requests from both farmers and grain dealers for the establishment of a sample market for grain in Winnipeg. The argument is that the price of each grade is based on the lowest quality of that grade. This argument is not based on fact. The price of any grain is based upon the resulting average sample of all cars of each grade as they pass through the inspector's hands, and where the car of the highest quality loses the car of the poorest quality gains.

The advantages from handling regular grade wheat on sample would be so small that the disadvantages arising therefrom would greatly outweigh them; but we recognize the

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fact that there are advantages, particularly to the producers, in the selling of their low grade grain, such as bleached, damp wheats, and wheats rejected for different causes, and oats and barley, but a sample market at Winnipeg would create such confusion in our present grading and inspection system that we do not feel justified in recommending it. We would, however, refer to our amendments (Appendix B, No. 13) where we have made a new grade for certain types of bleached and damp grain, and the provision for the assessing of dockage on all grain rejected for foreign matter. (Appendix B, No. 10).

The most serious objection to a sample market in Winnipeg, which of course would have to be run in conjunction with our inspection system, is the fact that it would entail mixing in practically every grade. It seems to be the opinion of the majority of the producers, the grain dealers and the millers, that our present grading and inspection system should be retained in its entirety. This system requires the transportation and binning of grain according to the grade set upon it by the original inspection. We point to the fact that this system grew out of a system of mixing, and in our opinion the conditions do not warrant returning to the former state of affairs.

The Minneapolis market is cited to show the advantages of a sample market. While there we inquired into the working out of the sample market, and found that practically the only advantage derived is from the fact that the mills situated at this market centre are of such capacity that they consume nearly all the wheat consigned to Minneapolis, these mills not having lines of country elevators through which to buy their own supplies. A sample market in Winnipeg will come naturally when we have a sufficiently large milling capacity either at Winnipeg or Fort William to take care of practically all the wheat that will be sold on sample.

In connection with this matter we have to take into consideration the effect that a sample market would have on the car supply. We found that in the handling of cars on sample in Minneapolis they were delayed anywhere from twenty-four to forty-eight hours. While it does not follow that all cars passing through Winnipeg would be held this length of time, still the number that would be held, and the time occupied in the cutting out and switching of these cars, would be a very serious matter, and in these times where the country seems to be up in arms because of the short supply of cars from the railways it would be very unwise to do anything that would accentuate this shortage.

INSPECTION DEPARTMENT.

We inquired into the working of the Inspection Department in all its branches, and followed the grain through from Winnipeg to the eastern markets and to Great Britain. We found, generally speaking, the working of the Inspection Department was satisfactory. It is due to Chief Inspector Horn that we should say he commands, and deservedly so, the respect and confidence of all, from the farmer in Western Canada to the miller in Great Britain, and also of the trade in the United States. Considering the many thousands of cars that pass through the hands of the Inspection Department from the Manitoba Division the number of complaints as to the grading of the grain is remarkably small. We find the only important complaint against our inspection is a complaint of an excessive quantity of dirt in the shape of foreign seeds found in the grain after it is shipped from Fort William. This matter we investigated in Ontario and Great Britain, and feel from our inspection of arrivals that this complaint is well founded. We found arrivals of grain at the bay ports containing too great a quantity of foreign seeds, as well as grain coming from the bay port elevators by rail. The same is true of arrivals in Great Britain. The causes of this, in our opinion, are as follows:

- 1st. The lack of proper cleaning machinery in Fort William and Port Arthur;
- 2nd. The manner of taking the sample of the grain as it runs from the spout into the hold of the vessel does not necessarily give a true sample;
- 3rd. The lack of supervision of the channels of transportation eastward from Fort William and Port Arthur.

To remedy this we suggest, as mentioned under the heading 'Terminal Elevators,' the placing of the cleaning and binning at Fort William and Port Arthur terminal elevators

under the control of the Inspection Department. To complete the system of supervision for the protection of grain as inspected by the Inspection Department it will be necessary to institute a plan of supervision of grain through the elevators handling the grain to the eastward. We have suggested inserting in the Manitoba Grain Act, under the head of 'Eastern Transfer Elevators,' sections 42a to 42i, inclusive, as contained in Appendix A, No. 6.

ONTARIO INSPECTION.

We had no serious complaint in the eastern inspection division to the working of the Inspection Department there, but found some of the inspectors did not seem to understand that they were not permitted under any circumstances to issue a certificate for Manitoba grain.

We would further say, from the number of complaints received from the grain trade in Great Britain it would appear that the grading of American maize in Montreal has not the confidence of the British importer and grain merchant.

COMMISSION MERCHANTS.

Complaints were made to us in the country regarding the handling of cars of consigned grain by commission merchants in Winnipeg, the complaint being that the consignee did not receive a complete report of the disposition of consignments. We think it would be wise to require all commission merchants when handling consignments to report to the consignee on a prescribed form the date of sale, the quantity sold, and the name of the purchaser, and the price received therefor. To carry out this suggestion we are recommending an addition to section 103 of the Manitoba Grain Act. (See Appendix A, No. 14).

THE WINNIPEG GRAIN AND PRODUCE EXCHANGE AND THE NORTH WEST GRAIN DEALERS' ASSOCIATION.

As mentioned at the commencement of this report, we inquired into the methods of the grain dealers of the Winnipeg Grain and Produce Exchange and of the North West Grain Dealers' Association. Since that time indictments have been laid against individual members of the two associations charging conspiracy under section 498 of the Criminal Code. Although this matter has been the subject of judicial inquiry and is still before the courts, we propose discussing those matters which we think worthy of notice in connection with the Winnipeg Grain and Produce Exchange and the North West Grain Dealers' Association.

WINNIPEG GRAIN AND PRODUCE EXCHANGE.

The Winnipeg Grain Exchange is a non-trading body which provides facilities for its members in doing business and makes by-laws and regulations for the systematizing of trade amongst its members. It provides a public trading room in which its members buy and sell grain. The prices at which transactions are made are officially posted on a black-board by a man provided by the Exchange. These prices we find are made in open competition, and are beyond doubt the full value of the grain as based on the world's markets.

The work of the Grain Exchange in establishing and systematizing a market in Winnipeg for the handling of the crops of the West has been a great benefit to the country. The restrictions placed upon its members in providing for the fulfilment of contracts, the establishment of a clearing house in which contracts are protected day by day give the banks the necessary confidence and surety in advancing money to the trade with which to handle the crop. This has brought the producer much nearer to the consumer than he at one time was and no doubt is of great financial benefit to him.

In considering the by-laws of the Grain Exchange for the regulation of the trade we think it is necessary to refer to by-law 19. Rule 1 of this by-law fixes a rate of one cent per bushel commission to be charged by members of the Exchange for receiving, selling and

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accounting for carloads of wheat, barley, oats and flax. There is nothing in the evidence to indicate that this rate of one cent per bushel on heavy grain such as wheat is unreasonable, but in our opinion one cent per bushel on light grain such as oats is too high. As the unit of the trade is a carload, the earnings of the commission man on a car of oats, which costs no more to handle and is usually of less value than a carload of wheat, are from eighty to one hundred per cent more than on a car of wheat. We are pleased to see in the public press that at the last annual meeting of the Winnipeg Grain and Produce Exchange the president recommended a reduction from one cent to one-half cent per bushel on oats, and we trust that this recommendation will be put into force. Reasonable commission rates we think would be not more than one cent for wheat, three-quarter cents for barley and one-half cent for oats.

Rule 4 of by-law 19 is as follows:—

‘Any member charged with violating or offering to violate the rule relating to the established rates of commission, either by direct charging of less than such rates, or rebating any portion of same, or by purchasing grain consigned to him for sale, or by purchasing or offering to purchase on track at outside stations where such purchase is made, at such prices as would show less margin than the established rate of commission, or by making or reporting any false or fictitious sales or purchases, or by assuming or rebating any of the charges which are incurred in the handling of consigned grain, or by the payment of any amount per car, or by operating on a joint account basis with any person, firm or corporation not a member of the Exchange (unless such person, firm or corporation shall have been first recognized by a resolution of the Council in accordance with section 9 of by-law 3) without charging and enforcing the payment of full commission rates on the interest of such person, firm or corporation in any transaction operated by said member, or by giving any other consideration to any party or parties whatsoever, to influence or procure shipments or consignments of grain to any member or members of this Exchange (the object of this being to prevent the demoralization of the trade resulting from the giving, either directly or indirectly, of compensations to station agents, elevator agents, bankers, merchants or parties engaged in any other business, at any locality whatsoever, to influence shipments or consignments of grain, but does not prevent the regular employment by members of this Exchange of legitimate travelling men) unless such parties are regularly engaged from month to month at a regular salary of not less than \$50.00 per month, provided that such engagement shall not be compulsory until on and after January 1, 1907, or by resorting to any method of account, shift or device whatsoever, wherein its purpose or effect is contrary to the faithful observances of and strict adherence to the established rates of commission shall when such charge is made in writing to the Complaint Committee, and on such complaint being thought proper by such committee, be summoned to appear before the Council, and if, upon investigation by them, the member accused shall by a vote of not less than two-thirds of the members present, be found guilty of such offence, then the said member shall for the first offence pay a fine of not more than five hundred dollars (\$500) according to the discretion of the Council, and for the second or any subsequent offence shall pay a fine of not more than one thousand dollars (\$1,000) according to the discretion of the Council, and a failure to pay any fine on written demand of the secretary shall constitute a violation of the by-laws of the Exchange, and subject such member to all the penalties and disabilities incident to such a violation; and in addition to such fines for such first or subsequent offence the Council may, by a majority vote of the members present, censure or suspend such member; and for a third, or any subsequent offence, the Council may recommend to the Exchange for expulsion such member, provided that the Council may in its discretion, by a majority vote of the members present, for such first or second offence, recommend for expulsion the said member, in which event he shall not be liable to the payment of any fine. The enforcement of the provisions of this section shall not in any manner prevent the enforcement of any additional penalties for the violation of any by-law of the Exchange as provided for under by-law No. 5.’

We find on April 19, 1907, this rule was amended by striking out the words ‘unless such parties are regularly engaged from month to month at a regular salary of not less than

fifty dollars per month, provided that such engagement shall not be compulsory until on and after January 1, 1907.'

This rule provides a penalty for the breaking of Rule 1 of by-law 19 which fixes the commission rate. The breaking of the commission rule is the splitting of the commission in any way with the person from whom the dealer may buy grain. The Grain Exchange maintains it is a breaking of this commission rule to give any specified sum per car or per bushel to a person in the country who may purchase on account of such grain buyer a car-load of grain from the farmer, or influence the shipment of a carload of grain to a commission merchant even though the difference between the price paid to the farmer and that at which the car is sold in Winnipeg shows a full one cent per bushel commission. We think that this interpretation is read into this rule for the purpose of preventing the indiscriminate giving of compensation to station agents, bankers, merchants or parties engaged in any other business, or buyers of grain or agents of commission men. We are not at all certain that the reason for this interpretation is a bad one, but we cannot agree with the principle that the Grain Exchange should have the power to say how its members shall employ their agents and in what manner they shall be compensated.

It seems to us that the effect of this rule compelling agents in the country to be paid by fixed salary is to drive the track buying business into the hands of the larger dealers and of necessity to curtail the business of the smaller dealer and commission men. Taking it for granted that it is wise to prevent the giving of compensations indiscriminately to parties as above mentioned and that it is wrong to control the manner in which a member of the Exchange may engage his agents and how he shall pay them, we think that a reasonable solution would be that each member of the Exchange who wishes to employ agents in the country should be allowed to do so at his pleasure, but the names of such agents should be registered with the secretary of the Grain Exchange, then the registered agents could be paid in any manner the member might see fit.

THE NORTH WEST GRAIN DEALERS ASSOCIATION.

The North West Grain Dealers Association is a corporation existing under charter from the Province of Manitoba, the members of which are elevator owners and grain dealers, a large proportion of whom are also members of the Winnipeg Grain Exchange. While the powers of this corporation under its charter are very broad it does not engage in any business other than the buying of supplies for the country elevators of its members and the sending out of joint telegrams to all buying points, thus saving a large amount to its members each year. The main object of the association evidently is the regulating of the buying of grain in the country. Each day on the closing of the market the secretary sends to every buying point where members of the association are represented a telegram containing the prices for the day. As we have explained, there are two prices, namely track and street. The track price is fixed absolutely by the closing cash price in Winnipeg until the opening of the market next day. The street price is variable and depends upon the car supply, the price of the delivery month in which the grain may reasonably be expected to arrive at the delivery point, and such expenses and profits as are agreed upon from time to time by the members of the association. While it is quite evident that there is an agreement or understanding that the list prices as sent to the country and the changes as wired from time to time are to be adhered to and buyers instructed to this effect, we cannot find anything in the association by-laws compelling its members to abide by the prices so decided upon, nor can we find any penalty provided for the breaking of the prices. We find that these prices are not adhered to in all cases, although where a buyer persists in breaking prices he is brought into line by the combined action of other buyers on prices.

We have given the matter of street prices our serious consideration, and we fail to agree as to whether or not the prices paid on the street are reasonable. The main protection the producer has against these prices being unduly depressed by the association is his right to ship his grain to the central market and sell on the track basis. This protection will not be complete until such time as the car supply during the shipping season is ample for the requirements. This system of the North West Grain Dealers Association is no doubt a trade

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restriction, but whether it constitutes an undue restriction or not is a matter which is now before the courts.

POOLING.

In investigating the methods of the grain trade in Winnipeg we found that there had been in existence an agreement between certain elevator companies for the pooling of the receipts or earnings at the different points where their elevators came into competition with one another. The basis upon which the division was made was that each elevator at any given station was allotted a certain proportion of the total receipts of all the elevators in the agreement and month by month a statement was submitted by each elevator showing the total amount of grain taken, and a division was made on the basis of so much per bushel, the one who received more than his percentage paying into the pool, and the one who received less than his percentage drawing out of the pool. This pooling arrangement we think placed such a restraint upon the operations of the elevator companies within the agreement that it constituted a menance to those who had to sell grain to these elevators, and tended to unduly limit competition. We find that in the State of Minnesota pooling arrangements of this kind were in operation at one time, but they were evidently looked upon with disfavour by the State and a law was passed prohibiting such agreements. While this pooling arrangement has been discontinued here we think it is wise to include in the Manitoba Grain Act a provision prohibiting such arrangements amongst elevator companies. We suggest amendment No. 21 of Appendix A to cover this.

WAREHOUSE COMMISSIONER'S DEPARTMENT.

We received a number of complaints in the country regarding the conduct of the Warehouse Commissioner's Department. These complaints were chiefly of slackness in prosecuting offenders under the Act, the offences being principally violations of the provisions governing the car order book. We have very seriously considered these complaints and have come to the conclusion that the real trouble lies in the Act under which the Warehouse Commissioner works, and we are suggesting certain amendments which will materially assist the Warehouse Commissioner in the conduct of his department. The duty of the Warehouse Commissioner to reconcile the conflicting interests of elevator companies and farmers is a very onerous one indeed, and notwithstanding the complaints we think that Mr. Castle deserves credit for the manner in which he has conducted his office. The Warehouse Commissioner is practically an arbitrator between the producer and the grain dealer, and we believe this department could be administered with better results if the term of office of the Commissioner were for a certain number of years, with eligibility for re-appointment. We have accordingly drawn up an amendment, No. 2 A. of App. A. providing for this.

TERMINAL ELEVATORS.

In our investigation of these elevators at Fort William and Port Arthur we found that there were only four elevators being operated by a railway company, these elevators being the group owned and operated by the Canadian Pacific Railway Company. The Empire Elevator at Fort William is owned and operated by a private corporation known as The Empire Elevator Company. The Canadian Northern Railway Company elevator at Port Arthur was leased by a private corporation known as the British America Elevator Company at the time of our investigation, but now known as The Port Arthur Elevator Company. The British America Elevator Company is a grain company of Winnipeg and a branch of the Peavy Company of Minneapolis. The Port Arthur Elevator Company now operating these elevators is a subsidiary corporation organized for the purpose of operating the Canadian Northern terminal elevators at Port Arthur as leased by the British America Elevator Company from the Canadian Northern Railway. There is another elevator now in operation known as The Consolidated Elevator Company. This is another private corporation owning and operating an elevator at this point as a terminal. The Grand Trunk Pacific

Railway Company purpose building elevators at Fort William as terminals in connection with their railway system. Mr. Morse, Vice-President and General Manager of the Grand Trunk Pacific Railway, in a letter to the Commission states: 'We had contemplated having interested in the Grand Trunk Pacific Terminal Elevator Company others than the railroad company, and negotiations had taken place. However, it has now been decided that the Grand Trunk Pacific Terminal Elevator Company will build and operate its own elevators, at least for the present.'

The private corporations operating the terminal elevators at Fort William are composed largely of the shareholders, officers and directors of grain firms and country line elevator companies in Winnipeg, and as such have a direct financial interest in much of the grain passing through their elevators at Fort William. We find that the Canadian Pacific Railway elevator at Port Arthur is operated by a private company, but is used exclusively for the handling of off grade grain of different descriptions, and does not stand in the same relation to the general grain trade as do the other terminal elevators.

The Ogilvie Milling Company elevator at Fort William has been rebuilt, but from the Warehouse Commissioner we understand that it has not yet obtained a license to do business as a terminal elevator.

Regarding the operation of these elevators in general it is very difficult, and in fact impossible, for a commission following from public sittings and inspection of the elevators to determine whether they are being operated strictly according to the provisions of the Manitoba Grain Act and The Inspection and Sale Act, but from the evidence received in Ontario, and from samples submitted to us there, and from samples taken directly by the Commission from arrivals at bay ports, it is quite clear that there is not a sufficient supervision or control of the cleaning of grain at Fort William. There is a very general complaint throughout Ontario that they do not get the regular grades of Manitoba grain, of wheat especially, in as clean a condition as is called for by the Inspection Department. We also found from examination of arrivals in Great Britain that the grain as received there contains too great a percentage of foreign matter... It is quite evident to us that there should be a complete supervision of the cleaning operations of these elevators. We were convinced at the time of our inspection that many of the cleaning machines installed in the different elevators have not the capacity nor are they of the proper type for cleaning the grain to grade. With regard to the quality of the grain itself we would say that while there is a possibility of elevator operators mixing grain contrary to the Inspection and Sale Act, we did not find in the grain to its ultimate destination in Ontario and Great Britain, that there was any serious complaint as to the quality of the different grades being materially reduced, still in some cases samples were produced to us that would lead us to believe that there had been either manipulation or serious mistakes made somewhere.

In the consideration of the weights it will be necessary to take up the out-turns of vessels carrying grain from Fort William and Port Arthur. We have had submitted to us statements of the Canadian boats carrying grain from Fort William and Port Arthur, and they show a considerable shortage per thousand bushels on the average, and some astonishing individual shortages and overages. To Kingston and Montreal we find that the weights are much more regular and closer to those given by Fort William and Port Arthur. At Buffalo, from statements issued by the Buffalo Chamber of Commerce Weighmaster we find that in nine out of the past ten years Fort William and Port Arthur shipments have shown a surplus at this point on the grain weighed in by this weighmaster, but even there we find some very large individual overages and shortages. The shipments to the Georgian Bay and Lake Huron ports show a heavy shortage. This would indicate that the weighing is very irregular, and it seems to us advisable that a special weighing department should be created.

The matters to be considered in connection with the elevators at Fort William and Port Arthur in our opinion are, the establishing of complete control of the cleaning and binning of grain in all elevators, and the establishing of a weighing department that will take over the weighing of all grain where public weighing is called for. To attain these objects we would suggest that the Inspection Department be put in full control of the clean-

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ing and binning of all grain passing through the terminal elevators at Fort William and Port Arthur in addition to their present duties of inspection. We would further suggest that the weighing be taken out of the hands of the Inspection Department entirely and that a new department be created with a chief weighmaster at its head, whose duties shall be to weigh all grain where necessary at public elevators in the Manitoba Inspection Division. We have drawn up amendments to the Inspection and Sale Act, which are 126a and 126b of No. 6 of Appendix B. hereto, to cover the control of the cleaning and binning; and as to the weighing we have drawn up a number of provisions which we would suggest being embodied in an Act to be known as The Act for the Weighing of Grain, or they might possibly be inserted as amendments to the Inspection and Sale Act or to the Manitoba Grain Act. (See Appendix C. hereto.)

Requests were made of us in the country that the elevators at Fort William and Port Arthur should be taken over and operated by the government in view of the fact that so many of them were operated by private corporations interested in the grain trade. We also had a communication from the department under date January 23, 1907, enclosing a petition of members of parliament addressed to The Right Honourable the Premier, requesting that we be instructed to specifically "inquire into and report whether is is in the public interest that terminal elevators continue to be operated by the common carriers or allowed to pass into the hands of or be operated by persons, firms or corporations engaged in the grain business."

In reply to this communication we addressed to The Right Honourable Sir Richard Cartwright, Minister of Trade and Commerce, a letter dated February 1, a copy of which is appended hereto. We can see no reason for changing the conclusions arrived at at that time, and we believe if our recommendations are carried out they will give the public the same confidence and protection in the operation of these terminal elevators as if they were owned by the Government.

These regulations, if applied to elevators run in connection with flour mills, should warrant the issue of a license to such elevators as public terminals.

As our whole system of inspection and the handling of grain under the Inspection and Sale Act and the Manitoba Grain Act depends upon the forwarding of our grain through the channels of transportation to final destination with identity of grade preserved, it seems to us that the system is imperfect, owing to the fact that east of Fort William there is no control whatever of grain going forward under government inspection certificates. As it is of the utmost importance when the trade is doing business on the western inspection that lots of grain so bought in the east or in foreign countries should go forward the exact grade and in the condition in which it leaves Fort William or Port Arthur, we would therefore suggest that all public elevators which handle grain grown in the Manitoba inspection division, east of Fort William, for storage or transhipment should be placed under restrictions similar to those of terminal elevators in the Manitoba division as to licensing, bonding, binning and weighing of grain. With the object of introducing such control of the grain in its movement eastward, or the control of those elevators which handle grain, we are including in the provisions for the establishing of a weigh-master's department, as above referred to, certain provisions for the appointing of weigh-masters in each elevator who shall have, under the supervision of the chief weigh-master, control of the receiving, binning, weighing and outward shipment of the grain. In the event of the government not appointing these weigh-masters, we suggest the appointing of two or more superintendents who shall, under the direction of the chief weigh-master, have supervision over the operation of these elevators. There are now weigh-masters appointed at Georgian Bay and Lake Huron ports for the outward weighing of grain for domestic consumption, and from the evidence received, we find that the service rendered is not at all satisfactory, and would suggest that this weighing be discontinued and the above provisions carried into effect.

We find in tracing the grain forward from Fort William and Port Arthur that there is great difficulty in establishing the identity of the inspection certificate with the parcel of grain itself and with the lake bill covering the same, and also with the railway shipping bill out of the elevators on Georgian Bay and Lake Huron. This is a serious fault in the system and leaves an opening to the fraudulent use of such grain certificates. To cover

this point, we are suggesting an amendment to the Inspection and Sale Act giving the chief inspector power to make such rules and regulations as are necessary for the proper identification of his inspection certificates with the different parcels of grain and the different bills of lading covering them.

STORAGE AND INSURANCE.

In considering the rates as charged by terminal elevators at Fort William and Port Arthur we find that previous to September 7, 1903, the rate in force for storage was one-half cent for the first fifteen days and one-half cent for each succeeding thirty days or part thereof. This rate included receiving, cleaning, storing and shipping. On the above mentioned date the rate was advanced to three-quarters of one cent for each term, including insurance. On September 15th of this year the rates were again changed to three-quarters of one cent per bushel for the first fifteen days, and one-thirtieth of one cent a day thereafter, including handling and insurance.

As the one-half cent rate previous to September 7, 1903, was for handling only, and three-quarters of one cent subsequent to this date was for handling and insurance, the inference is that the one-quarter of one cent is to pay for the insurance of the grain, and in fact in our evidence it was definitely stated by a terminal elevator manager that the quarter of a cent was to pay for the insurance. Regarding the reasonableness of this rate we may say we find from statements received and by deductions from the warehouse commissioner's files, that the rate of one-quarter of one cent gives an exorbitant profit over and above the actual cost of the insurance. Of course a rate has to be charged on the grain that will provide for the fluctuations in values, but we find by taking the average amount in store throughout the last shipping season, valued at one dollar a bushel, and insured at two and one-quarter per cent, it still leaves a very large surplus over and above the quarter of a cent per bushel on the total amount of grain handled through the elevators, not taking into account the large sum of money that was collected on second, third and fourth terms of grain held in store over the winter. We recommend a reduction of one-eighth of one cent under section 33 of the Manitoba Grain Act.

With regard to the storage rates put in force on the 15th September last, we had no evidence from the terminal elevator companies to show that the old rate of one-half cent per bushel was too low, and we think that in making their new rates a rate should be made sufficient to give the same net result as under the old one-half cent rate on the monthly basis. We are pleased to see that the terminal elevator companies have put into force a per diem rate after the first term of fifteen days, as it will be a very great convenience to the trade.

As the elevator companies have voluntarily assumed the insurance of the grain we do not see why provision should not be made in the Act for such insurance, and the giving of proper assurance through the warehouse commissioner to the owner of the grain that the insurance has been effected and with suitable companies. We have drawn up an amendment to section 31 of the Manitoba Grain Act, to cover this. (See Appendix A, No. 4.)

ADULTERATION OF FOOD STUFFS.

We find there is a practice of mixing ground oat hulls, seeds, and other adulterating material with bran, shorts, corn, and other feeds, and these are placed on the market and sold as pure food stuffs. While we see no objection to these mixed foods being sold, we think they should not be offered for sale without the adulteration being indicated.

TERMINAL ELEVATOR AT VANCOUVER.

With regard to the request of the people of Alberta that we should go to Vancouver for the purpose of investigating the possibilities of an outlet *via* the Pacific coast for grain grown in the western portion of the wheat belt, we would say that without a doubt there is going to be a very large increase in the grain production within the very near future in Alberta and western Saskatchewan. At the present time there are no facilities for the handling of

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grain westward, therefore the grain from this territory must of necessity come eastward over the present lines of transportation to Fort William and Port Arthur. The cost of transportation for this distance is so heavy that the resulting price to the farmer is altogether too low in comparison to that obtained in Manitoba and eastern Saskatchewan. There is no doubt in our minds that a very large trade with the Orient could be developed if there were transportation facilities at reasonable rates to the Pacific coast, and proper terminal facilities there for handling the grain. Considering the benefit that would arise out of this trade with the Orient to the grain producers of Alberta and western Saskatchewan, we think the government would be justified in assisting the development of this trade.

Appendix A and Appendix B contain our suggested amendments to the Manitoba Grain Act, and the Inspection and Sale Act. We have discussed most of these amendments in our report, but there are others that we do not think it necessary to refer to specially.

We send herewith copy of the evidence taken at the sittings of the Commission.

All of which your Commissioners beg respectfully to submit.

JNO. MILLAR, *Chairman.*

W. L. MCNAIR, }
G. E. GOLDIE, } *Commissioners.*

Dated at Winnipeg this 11th day of October, A.D. 1907.

E. NIELD, *Secretary.*

To His Excellency the Governor General in Council.

In dealing with the subject of car distribution in the report of the Royal Grain Commission, there is nothing said directly regarding the present system of giving one car to each individual shipper in rotation, but the inference is that the Commissioners agree to and confirm this system. To this I cannot agree, as I do not consider that the system of giving a car to each shipper is a just one.

Previous to the time of the enactment of the present Manitoba Grain Act, the producer in general no doubt suffered an injustice in not being able to ship his grain to Fort William at his pleasure. Sections 88 to 99 inclusive of the Manitoba Grain Act corrected this evil, but at the same time the correction has proved an injustice to a certain group of producers and to elevator owners.

In an agricultural district like the provinces of the West, where the revenue of the farm is derived entirely from its crop of grain, it is necessary that each farmer should be able to market a certain portion of his crop at as early a date as possible, so that he may meet his liabilities, or at least a reasonable portion of them. The necessity of realizing on the crop at an early date is felt more by the new settler and the small farmer than by those who have been in the country some years, and are in a better financial position. My argument is that the new settler and the smaller farmer are usually at the greatest distance from the railroad, and the last to have their grain threshed and ready for market. The larger and more prosperous farmers are those who are usually nearest to the railway, and who have their threshing done early in the season. Thus the producer who has his grain ready for market the quickest is the man who gets the car in which to ship it, and cars are ordered by these farmers in such numbers that it has been impossible to supply sufficient equipment to take care of all such farmers' requirements before the close of navigation. That group of producers who are not able to get their grain ready for market early find that when they are ready to sell their grain there is such a large number of cars ordered that it is almost impossible for them to get cars until a very late date, and they are therefore compelled to sell their wheat on the street to the elevator to raise funds to meet their liabilities. There are also to be considered those farmers who have not sufficient of any one kind of grain to load a car

to capacity, and those who from ignorance will not ship; the latter mostly foreigners. This group of producers should have, perhaps, the greatest consideration in dealing with this matter.

From statements and evidence received from the elevatore companies, we find that there is about sixty per cent of the wheat crop sold on the street to elevator companies, and about forty per cent is loaded on the car by the farmer, either through an elevator or over the loading platforms, but it is not fair to conclude that the sixty per cent of street wheat comes entirely from those farmers who are not in a position to get cars to load their own grain. There is no doubt a proportion of it that is sold as street wheat when the car supply is ample for requirements, and the street price, therefore, so close to the track price that the farmer is induced to sell to the elevator. I think it is reasonable to assume that about twenty per cent of the crop might be accounted for in this way, leaving about forty per cent that is sold under necessity on the street. I would, therefore, group the producers as follows: The farmer who gets cars to ship and who sells on the street when the price is satisfactory to him, sixty per cent; the farmer who sells on the street from necessity, forty per cent.

We will take, for instance, a station at which there are four elevators, and it will be found that in the latter part of October or early in November there may possibly be one hundred cars on the order book, and out of this one hundred there cannot be more than four cars for the shipment of wheat that has been bought by the elevators on the street; therefore, there are ninety-six farmers out of the sixty per cent group who will get cars for the shipment of their grain, and thus get the premium that is paid for spot wheat, while there are only four farmers out of the forty per cent group who will have their wheat shipped out of the elevators by the elevator companies, thus making room for more street wheat.

This may be an extreme case, but it illustrates quite clearly the situation. We found during our investigation in the country in the fall of 1906 a great many stations where the elevators were filled to their full capacity, and were unable to buy the grain offered to them by farmers who were under a very urgent necessity for the raising of funds, while at these same stations a large group of farmers out of the sixty per cent group above mentioned, had been able to market a considerable quantity of their grain early in the season by the securing of cars.

I, therefore, consider that the present distribution of cars, becomes an injustice to that group of farmers who are compelled to sell their wheat on the street.

Referring to the elevators, and their position with regard to the car distribution, I do not consider that they suffer equally with the forty per cent group of farmers, in so much as they are making considerable earnings out of the wheat that is stored with them and ultimately shipped by the farmer, and again they buy a considerable portion of this stored grain, and thus make another earning out of it through the purchase and sale. To protect themselves on the purchase of street wheat under the present car distribution, the elevators are compelled early in the crop season to reduce their prices paid on the street to the basis of future delivery at Fort William, and thus the spread between street and track becomes very marked within three or four weeks after the deliveries of grain commence. Were the car distribution such that the forty per cent group of farmers who sell on the street could have their wheat shipped forward more promptly than is now the case, the spread between street and track prices would remain near the charge assessed by the elevator companies for handling grain through their houses until a very much later date in the fall. In this way the advantage that is gained through having grain in a position to sell as track or cash grain would be more equitably distributed between the sixty per cent and forty per cent groups of farmers.

I would, therefore, respectfully suggest that that section of the Manitoba Grain Act (section No. 99) dealing with the distribution of cars during a car shortage should be so amended that the elevators would get forty per cent of all cars received at each station for grain shipment.

All which is respectfully submitted.

G. E. GOLDIE.

APPENDIX "A."

AMENDMENTS TO MANITOBA GRAIN ACT, CHAPTER 83, R.S.C., 1906.

No. 1.

That section 3 of the Manitoba Grain Act, chapter 83, R.S.C., be amended as follows:—

Add after the words 'Port Arthur' the following: 'and all elevators east of Fort William and Port Arthur which receive Manitoba grain for storage or re-shipment and doing business for a compensation.'

No. 2.

That the following be added as subsections 6, 7 and 8 of section 19 of the Manitoba Grain Act:—

'6. It shall be the duty of every public terminal elevator to clean all grain received by them on which the inspector has set dockage for cleaning, except all rejected grades, which shall be cleaned only upon request of owner.

'7. Public terminal elevators shall pay or make allowance to the owner for all domestic grain of a commercial value in screenings, as set forth in section 135 of the Inspection and Sale Act as amended, to the amount assessed by the inspector.

'8. It shall be the duty of every public terminal warehouseman to insure all grain received, handled or stored by him with companies satisfactory to the warehouse commissioner, and to an amount approved of by the said commissioner.'

No. 2A.

That section 4 of the Manitoba Grain Act be amended to read as follows:—

The Governor in Council may appoint an officer to be known as the warehouse commissioner for the Inspection Division of Manitoba, who shall hold office for a period of ten years and shall be eligible for re-appointment and may be dismissed for cause only. The said warehouse commissioner shall be subject to the control and management of the Department of Trade and Commerce.

No. 3.

That section 30 of the Manitoba Grain Act be amended by inserting in the fourth line thereof, after the word 'warehouse' the following words, 'and of the total amount of insurance thereon.'

No. 4.

That section 31, subsection 1 of the Manitoba Grain Act be amended by striking out the words 'and handling' in the fourth line, and inserting in lieu thereof the words 'handling and insurance,' and that section 32 be amended by striking out the words 'or

handling of grain' in the third line and inserting in lieu thereof the words 'handling or insurance of grain.'

That section 33 be amended by striking out the words in the first line thereof 'cleaning and handling of grain' and inserting in lieu thereof the words 'cleaning, handling and insurance of grain.'

No. 5.

That section 43 of the Manitoba Grain Act be amended by striking out in the second line thereof the words 'by fire nor for any damage.'

No. 6.

That the following be inserted in the Manitoba Grain Act as sections 42A to 42I inclusive:—

‘EASTERN TRANSFER ELEVATORS.

‘42A. Elevators east of Port Arthur and Fort William receiving grain grown in the Manitoba inspection division for storage or transhipment doing business for a compensation, shall be known for the purpose of this Act as eastern transfer elevators, and shall be under the jurisdiction of the warehouse commissioner.

‘42B. The proprietor, lessee or manager of any eastern transfer elevator shall be required, before transacting any business, to procure from the commissioner a license, permitting such proprietor, lessee or manager to transact business as a public warehouseman under the law, which license shall be issued by the commissioner upon written application, which shall set forth the location and name of such elevator and the individual name of each person interested as owner or manager thereof,—or, if the elevator is owned or managed by a corporation, the name of the corporation and the names of the president, secretary and treasurer of such corporation shall be stated; and the said license shall give authority to carry on and conduct the business of eastern transfer elevators in accordance with the law and shall be revocable by the commissioner upon a summary proceeding before the commissioner, upon complaint of any person, in writing, under oath, setting forth the particular violation of law, and upon satisfactory proof, to be taken in such manner as is directed by the commissioner, such revocation not to take effect until the Minister of Trade and Commerce has given his sanction thereto.

‘2. The annual fee for such license shall be two dollars.

‘42C. The person receiving a license as herein provided shall file with the commissioner granting it a bond to His Majesty, with good and sufficient sureties to be approved by the commissioner, in the penal sum of not less than ten thousand, nor more than fifty thousand dollars, in the discretion of the commissioner for each eastern transfer elevator licensed by him, conditional for the faithful performance of his duties as an eastern transfer warehouseman, and his full and unreserved compliance with all laws in relation thereto: Provided, that when any person or corporation procures a license for more than one elevator no more than one bond need be given, the amount of which shall not exceed the above maximum.

‘42D. Any person who transacts the business of an eastern transfer warehouseman without first procuring a license as herein provided, or who continues to transact such business after such license has been revoked (save only that he may be permitted to deliver grain previously stored in such elevator), shall on conviction upon indictment be liable to a penalty not less than \$50, nor more than \$250, for each and every day such business is carried on; and the commissioner may refuse to renew any license or grant a new one to any person whose license has been revoked, within one year from the time when it was revoked.

‘42E. Every warehouseman of an eastern transfer elevator shall be required during the first week of September in each year to file with the commissioner a table or schedule of rates for the storage and handling of grain in his transfer elevator during the ensuing year, which rate shall not be increased during the year; and such published rates, or any

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published reduction of them, shall apply to all grain received into such elevator, from any person or source; and no discrimination as to rates shall be made, directly or indirectly, by such warehouseman for the storage, cleaning or handling of grain.

'2. The charge for storage and handling of grain, including the cost of receiving and delivering, shall be subject to such regulations or reduction as the Governor in Council from time to time deems proper.

'42F. No eastern transfer warehouseman shall be held responsible for any loss or damage to grain by fire, nor for any damage arising from irresistible force, the act of God or the King's enemies, while such grain is in his custody, provided reasonable care and vigilance is exercised to protect and preserve it.

'2. No eastern transfer warehouseman shall be held liable for damage to grain by heating, if it is shown that he has exercised proper care in the handling and storing thereof, and that such heating was the result of causes beyond his control.

'3. Unless public notice has been given, as hereinafter provided, by him, that some portion of the grain in his elevator is out of condition, or becoming so, such warehouseman shall deliver grain of quality equal to that received by him on all receipts presented.

'4. In case, however, an eastern transfer warehouseman considers that any portion of the grain in his elevator is out of condition or becoming so, he shall immediately by telegram and by registered letter give notice both to the shipper and the party to be advised, and any other party indicated upon the document accompanying such grain as an interested party, and shall at the same time give public notice by advertising in a daily newspaper in Toronto and Montreal, and by posting a notice in the elevator and in the Grain Exchange at Toronto and Montreal of its actual condition as near as can be ascertained. He shall state in such notice the kind and grade of the grain and the elevator in which it is stored, and shall also state in such notice the warehouse receipts, if any, outstanding upon which such grain shall be delivered, giving the numbers, amounts and dates of each, the grain represented by which has not previously been declared or received for as out of condition, or if warehouse receipts have not been issued, then he shall give the name of the party for whom such grain was stored, and the particulars of the lake bills or shipping bills under which it was received, the date it was received and the quantity of it and the identification of the grain so discredited, to embrace as near as may be as great a quantity of grain as is contained in the bin or bins in the elevator in which it is stored, and such grain shall be delivered upon the return and cancellation of the warehouse receipts or the surrender of the original endorsed shipping receipt and payment of charges upon request of the owner thereof.

'5. Nothing herein contained shall be held to relieve the said warehouseman from exercising proper care and vigilance in preserving such grain after such publication of its condition, but such grain shall be kept separate and apart from all direct contact with other grain, and shall not be mixed with any other grain while in store in such elevator. Any warehouseman guilty of any act of neglect, the effect of which is to depreciate property stored in the elevator under his control, shall be held responsible as at common law, or upon the bond of such warehouseman, and in addition thereto the license of such warehouseman may be revoked.

'6. In case the grain declared out of condition as herein provided for is not removed from store by the owner thereof within one month from the date of the notice of its being out of condition, the warehouseman in whose elevator the grain is stored may sell it at public auction for the account of said owner, upon giving ten days public notice by advertisement in a newspaper published in a city or town where such elevator is located, and in Winnipeg, Toronto and Montreal, and by posting a notice in the Grain Exchanges at Winnipeg, Toronto and Montreal, and if the proceeds of such sale are not sufficient to satisfy all charges accrued against the grain at the time of the sale, then the owner of the grain so disposed of shall be liable to the warehouseman for any deficiency.

'42G. Every eastern transfer elevator warehouseman shall keep a true and correct record of each parcel or lot of grain received by him, noting the name of the boat and number of the hold from which taken, or the number of the car, the billed weight, the actual weight as weighed in by him and shortage or overage, the number of the bin in which stored, and

in case of a transfer in the elevator the number of the bin to which transferred, the date of shipment out of elevator with the number of car or name of boat and number of hold; and in all cases where a certificate of grade accompanies a lot or parcel of grain the identity of such certificate with the lot or parcel of grain shall be preserved. He shall keep a correct record of the name of the shipper, the party to be advised of the shipment and the consignee.

'42H. Every eastern transfer elevator warehouseman shall receive grain grown in the Manitoba inspection division tendered him through the ordinary channels of transportation in the usual manner in which such elevators are accustomed to receive grain in the ordinary course of business in such parcels or lots as shipped, and shall preserve the identity of each parcel or lot except that he may bin together different lots of the same grade when he has not sufficient space in his elevator to keep the parcels or lots separate. In no case shall grain of different grades be mixed together while in store. He shall not make any discrimination between persons desiring to avail themselves of warehouse facilities. Nothing in this section shall be construed to require the receipt of any kind of grain into an elevator in which there is not sufficient room to accommodate or store it properly, or in cases where such elevator is necessarily closed.

'42I. The warehouseman of every eastern transfer elevator shall as directed by the commissioner render a weekly statement in the form of a statutory declaration, before some person authorized by law to take the same, by one of the principal owners or operators thereof, or by the bookkeeper thereof, having personal knowledge of the facts, to the commissioner of the quantity of each kind and grade of grain in store in his warehouse at the close of business on the previous Saturday.'

No. 7.

That the Manitoba Grain Act be amended by adding the following as subsection 4 of section 54:—

4. In every case where grain has been delivered at any public country elevator or warehouse, and a cash purchase ticket issued therefor to the person from whom such grain was received by the warehouseman, and should either the warehouseman or his paying agent within twenty-four hours after demand by the holder, neglect or refuse to redeem such cash purchase ticket, the said holder may after the expiration of such twenty-four hours, and upon surrender of such cash ticket demand in exchange therefor a warehouse storage receipt bearing same date and place of issue, and for similar grade and net weight of grain as was shown on the cash purchase ticket aforesaid. Upon return of the said cash purchase ticket to the warehouseman, he shall at once issue in exchange therefor to the holder a warehouse storage receipt of same grade and quantity of grain as shown on the face of said surrendered cash purchase ticket.

That the following be added as subsection E to section 51.

E. The person operating any country elevator or warehouse shall at the time of delivery of any grain at his elevator or warehouse issue to the person delivering same either a cash purchase ticket, warehouse storage receipt, or storage receipt for special binned grain, dated the day the grain was received, for each individual load, lot or parcel of grain delivered at such elevator or warehouse in the form prescribed by the schedule to this Act.

No. 8.

That subsection 2 of section 58 of the Manitoba Grain Act be repealed and the following substituted:—

Such country elevator or warehouse operator before so forwarding the grain shall give notice to the owner by mail at least four days before shipping.

No. 9.

That section 61 of the Manitoba Grain Act be amended by inserting as subsections 1 and 2 the following:—

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1. In every case where grain is stored in any public country elevator or warehouse in a special bin the warehouseman shall draw a fair and proper sample in the presence of the person delivering same out of each hopper load as delivered, and such sample shall be properly preserved in a suitable receptacle (numbered and sealed) until after such special binned grain has been shipped and inspected, and the owner thereof has notified the warehouseman he is satisfied the identity of the grain has been preserved.

2. In case after the shipment has been inspected the owner is of the opinion that the identity of the grain has not been preserved, he shall notify the warehouseman in writing of the fact and both parties thereupon shall forward said sample, sealed, charges prepaid, to the Warehouse Commissioner who shall submit same to the Chief Inspector to be graded. The grade given by the Chief Inspector in such cases shall be final and binding on both parties.

No. 10.

That section 56 of the Manitoba Grain Act be amended by adding the following as subsection 1A.:-

Should the storage receipts and lawful charges against the grain not be delivered or paid at the time of the billing of the car, the elevator operator may hold the bill of lading until the owner shall have surrendered the storage receipts therefor and paid all lawful storage charges due thereon, provided that it shall be an offence under this Act for the elevator operator to sell or dispose of such bill of lading without the consent of the owner of the grain, the bill of lading to be made out in all cases in the name of the owner of the grain shipped.

No. 11.

That sections 65, 66 and 67 of the Manitoba Grain Act be struck out and the following substituted therefor:-

65. In case there is a disagreement between the purchaser or person in the immediate charge of receiving the grain at such country elevator or warehouse and the person delivering the grain to such elevator or warehouse for sale, storage or shipment at the time of such delivery as to the proper grade or dockage for dirt or otherwise on any lot of grain delivered, a fair and proper sample shall be drawn in the presence of the person delivering the grain out of each hopper load as delivered, and at least three quarts from samples so taken shall be forwarded in a suitable sack properly tied and sealed, express charges prepaid to the Chief Inspector of Grain, and shall be accompanied by the request in writing of either or both of the parties aforesaid, that the Chief Inspector will examine the sample and report on the grade and dockage the said grain is in his opinion entitled to and would receive if shipped to the terminal points and subjected to official inspection.

66. It shall be the duty of the Chief Inspector, as soon as practicable, to examine and inspect such sample or samples of grain and to adjudge the proper dockage and grade to which it is, in his judgment, entitled, and which grain of like quality and character would receive if shipped to the terminal points in carload lots and subjected to official inspection.

67. As soon as the Chief Inspector has so examined, inspected and adjudged the dockage and grade he shall make out in writing a statement of his judgment and finding and shall transmit a copy thereof by mail to each of the parties to the disagreement, preserving the original together with the sample on file in his office.

The judgment and finding of the Chief Inspector on all or any of the said matters shall be conclusive.

Where the disagreement as to the grade and dockage arises on the sale of the wheat by a farmer to such country elevator or warehouse, the farmer shall be paid on the basis of grade and dockage offered him by the elevator or warehouse, but the final settlement shall be made on the basis of grade and dockage given by the Chief Inspector

No. 12.

That section 69 of the Manitoba Grain Act be struck out and the following substituted therefor:—

In case the commissioner finds the complaint and charge therein contained, or any part thereof, true, he shall give his decision in writing and shall at once serve a copy of such decision upon the person offending and against whom the complaint was made and also serve a copy upon the owner of such country elevator or country warehouse; and the commissioner shall direct such owner to make proper redress to the person injured, and to discharge the offending operator, who shall not be engaged as manager or assistant in any public country elevator for the period of one year from such discharge. Upon the failure of such owner to give such proper redress and discharge such operator the commissioner shall cancel the license of the country elevator or warehouse. In case any other country elevator or warehouse employs an operator so discharged within the said period of one year the Warehouse Commissioner shall order the dismissal of such operator, and in case of refusal to comply with the request of the Warehouse Commissioner in this regard the commissioner shall cancel the license of the said country elevator or warehouse.

No. 13.

That section 69 of the Manitoba Grain Act be amended by adding thereto the following subsection:—

If any grain dealer or grain firm or any member of such grain firm, or any authorized agent of such grain dealer or grain firm shall influence, either by circular letter or otherwise, any manager of any public country elevator to give unjust weights for or take unjust dockage from any grain being received into such elevator, such grain dealer or grain firm shall be liable, upon summary conviction to a fine not less than \$100 nor more than \$500.

No. 14.

That section 107 of the Manitoba Grain Act be repealed and the following substituted therefor:—

Whenever any grain commission merchant sells all or a portion of any grain consigned to him to be sold on commission, he shall within twenty-four hours of such sale report to the consignor the quantity of the consignment sold and render a true statement with copies and vouchers for all charges and expenses paid or incurred, and shall render a true statement showing—

- (a) what portion of the consignment has been sold;
- (b) the price received therefor;
- (c) the date when each sale was made;
- (d) the name or names of the purchaser;
- (e) the grade;
- (f) the amount of advance;
- (g) the terms and delivery of sale.

Such statement to be signed by the grain commission merchant or his duly appointed agent.

2. Any grain commission merchant neglecting or refusing to so report on the prescribed form every sale in the above manner shall be guilty of an offence under this Act punishable by fine.

Schedule E is the form of notice of sale which has been authorized by His Excellency the Governor in Council. The use of any other form shall be an offence under the Act punishable by fine.

SCHEDULE "E."

No.

License year 190 190

License No.

LICENSED GRAIN COMMISSION MERCHANTS.

190

We advise the following sale made for your account to-day:

Sold to.	Quantity.	Grade.	Price.	Amount of Advances.	Terms.	Delivery.
.....

Yours truly,

.....

No. 15.

That section 89 of the Manitoba Grain Act be repealed and the following inserted in lieu thereof:—

1. An applicant may order a car or cars according to his requirements, of any of the standard sizes in use by the railway company and in case he requires to order any special standard size of car shall have such size stated by the station agent in the car order book and the railway company shall furnish the size ordered to such applicant in his turn as soon as a car of such specified capacity can be furnished by the railway company at the point on the siding designated by the applicant in the car order book. In the event of the railway company furnishing a car or cars at any station and such car or cars not being of the size required by the applicant first entitled thereto, such applicant shall not lose his priority but shall be entitled to the car of the size designated which can next be delivered at such station at such applicant's disposal as aforesaid.

2. Every applicant when placing his order for a car shall deposit with the railway agent the sum of two dollars for each and every car ordered, which amount shall be retained by the railway agent until the car or cars have been loaded by the applicant, or until the order has been cancelled, as hereinafter provided for, when such amount shall be returned to the applicant.

The applicant or his agent duly appointed as provided in section 90 hereof may by notice in writing to the railway agent prior to the arrival of the car at the station to which it was originally ordered to be sent, cancel the applicant's order for said car ordered by him, and in default of his doing so the applicant shall forfeit to the railway company the amount deposited with the railway agent at the time the order for the car was placed.

No. 16.

That subsections 2 and 3 of section 92 of the Manitoba Grain Act be repealed and the following substituted therefor:—

“In the event of such applicant failing to declare his intention and ability to load the car allotted to him he shall forfeit to the railway company the two dollars deposited with the railway agent at the time the order for the car was placed, and the railway agent shall cancel the order by writing the word ‘cancelled’ in the remarks column of the car order book, and shall award the car to the next applicant entitled to it.”

“And if the applicant, after declaring his intention and ability as aforesaid shall not have commenced loading the car within the period of twenty-four hours from the time of notice to himself or his agent, as herein directed, he shall forfeit to the railway company the two dollars deposited with the railway agent at the time the order for the car was placed and the railway agent shall cancel the order in like manner as aforesaid.”

No. 17.

That sections 133 and 134 of the Manitoba Grain Act be repealed and the following substituted therefor:—

The following shall constitute an offence or offences under this Act punishable upon summary conviction before a Justice of the Peace by a fine of not less than \$25 and not more than \$150.

1. Any party who transfers or sells his right to any car allotted to him or to be allotted to him.

(2.) Any party purchasing or taking over or accepting any assignment or transfer of the right of any applicant entitled to a car.

(3.) Any party loading a car which has not been allotted to him by the station agent or who loads a car out of his turn contrary to the provisions of this Act.

Any person who contrary to the provisions of this Act obtains the placing of a name on the car order book as an applicant shall be guilty of an offence punishable upon summary conviction before a Justice of the Peace by a fine of not less than \$25 and not more than \$150.

Any person may institute proceedings and upon securing a conviction for infringement of any of the above violations of this Act shall be entitled to receive one-half of the fine or penalty imposed and the other half thereof shall be paid into the Manitoba Grain Inspection Fund.

No. 18.

That section 90 of the Manitoba Grain Act be repealed and the following substituted therefor:—

Car orders shall be signed in the car order book by the applicant or his agent duly appointed in writing, who shall furnish to the railway agent his name, section, township and range in which he, the applicant, resides, or other sufficient designation of his residence

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for insertion in the car order book, and each car order shall be consecutively numbered in the car order book by the railway agent, who shall fill in with ink all particulars of the application except in the column for the applicant's signature, which shall be signed by the applicant or his agent duly appointed.

2. An agent of the applicant shall be a resident in the vicinity of the shipping point, and if the car order is signed by the agent of the applicant the appointment shall be deposited with the railway agent.

That section 93 of the Manitoba Grain Act be amended by inserting in the second line thereof after the word 'book' and in the second line of subsection 2 after the word 'book' the words 'with ink.'

No. 19.

That section 110 of the Manitoba Grain Act be amended by inserting the following subsections:—

REGULATIONS—TRACK BUYER'S PURCHASE NOTE.

1a. Any person who buys grain on track in car load lots, shall keep a true and correct account in writing in proper books of all grain bought by him in such car load lots and shall deliver to the vendor of such car load lot of grain a grain purchase note, retaining himself a duplicate thereof, which note shall bear on its face the license season, also the license number of such track buyer's license; the date and place of purchase; the name and address of such Track Buyer; the name and address of the Vendor; the initial letter and number of the car purchased; the approximate number of bushels and kind of grain contained therein; the purchase price per bushel in store Fort William, Port Arthur or other destination; such grain purchase note shall also express upon its face an acknowledgment of the receipt of the bill of lading issued by the railway company for such car load shipment, the amount of cash paid to the vendor in advance as part payment on account of such car lot purchase, also that the full balance of the purchase money shall be paid to the vendor immediately the purchaser shall have received the grade and weight certificates and the railway expense bill. Every such grain purchase note shall be signed by the track buyer or his duly appointed agent, and the vendor shall endorse his acceptance of the terms of the sale thereon as well as his receipt for payment of the money advanced him on account of such car load lot sale.

1b. Any failure or neglect on the part of the track buyer to keep proper records of all car lot purchases as above or to issue such grain purchase note shall be an offence under the Act punishable by fine.

1c. Schedule "F" is the form of grain purchase note which has been authorized by His Excellency the Governor in Council. The use of any other form shall be an offence under this Act punishable by fine.

SCHEDULE "F".

No.
License Season 190 ..

PURCHASE NOTE MADE OUT BY LICENSED TRACK BUYER.

License No.
..... Station 190 ..

.....
.....
.....
I have this day bought from..... initial letter..... car No.... containing..... bushels..... (more or less) at..... cents per bushel basis..... in store Fort William or Port Arthur, weight and grade guaranteed by seller.

Receipt of bill of lading for same property endorsed by the consignee is hereby acknowledged.

I have made an advance to Mr. }
I have issued an order to paying agent to }
 advance Mr. \$..... on }
 this car, the balance to be paid by
..... immediately upon receipt of weight and grade certi-
ficates and railroad expense bill.

REMARKS:

..... Buyer.

Accepted, also received payment of advance, \$.....

.....
Seller.

No. 20.

That the following be added to the Manitoba Grain Act under (general provisions).

At every flag station or siding in the Manitoba grain inspection division where grain is shipped from such point, the warehouse commissioner may in his discretion direct the railway company to keep a suitable person at such flag station or siding from the 15th day of September to the 15th day of January next following, and it shall be the duty of such person to receive all applications for cars for the shipment of grain from such flag station or siding upon the form prescribed by this Act and to order from the railway company such cars and to allot said cars to applicants in accordance therewith and to bill and seal such cars.

Provided, however, the provisions of this section do not apply to such flag stations or sidings where the total amount of grain shipments for the previous year was less than fifty thousand bushels upon the railway company furnishing the Commissioner with a sworn statement to that effect.

Any railway company failing to comply with the aforesaid provisions shall be liable to a penalty upon summary conviction before a magistrate or justice of the peace of not less than \$500.

No. 21.

That the following be inserted in the Manitoba Grain Act under (Distribution of Cars.)

The warehouse commissioner shall have power in his discretion to order cars to be supplied contrary to the provisions of the Manitoba Grain Act to elevators that are in danger of collapse, or in cases where the operator of any country elevator or warehouse reports in writing under oath that some portion of the grain in his elevator or warehouse is heated, and in order to preserve same it is necessary to ship such heated grain to the terminal elevator for treatment. Provided however, no relief be granted in such last mentioned cases as long as the warehouseman has plenty of room in his building for the re-handling of such grain.

Upon granting relief as aforesaid the warehouse commissioner shall submit a report of the facts thereof in each case to the Minister.

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No. 22.

That the following be inserted in the Manitoba Grain Act under (General Provisions).

No person or corporation, or their agents, operating a public country elevator or warehouse shall enter into any contract, agreement, understanding or combination with any other such person, corporation, or their agent, for the pooling or division of earnings or receipts of such elevators or warehouses or divide with any such person or corporation, or their agent, the gross or net earnings or receipts of such public country elevators or warehouses or any portion thereof.

Any one violating this provision shall be guilty of an offence under this Act, and shall on summary conviction be liable to a fine of not less than \$500 and not more than \$1,000 for each offence.

No. 23.

That the following be added to the Manitoba Grain Act under (Distribution of Cars).

The warehouse commissioner shall have power in his discretion during a car shortage to direct the railroads to make an equitable distribution of empty grain cars to all stations in proportion to the amount of grain available for shipment from such stations.

No. 24.

That the following be inserted in the Manitoba Grain Act under (Terminal Elevators and Warehouses).

All grain billed to any public terminal elevator within the Manitoba inspection division shall not leave such inspection division without being officially weighed and cleaned unless by the consent of the shipper.

No. 25.

That section 40 of the Manitoba Grain Act be amended by striking out the word 'Act' in the first line thereof and substituting the word 'section' and striking out all the words after *lot*, therein, and that this section be restored to its original connection, as in subsection 7 of section 26 of the Manitoba Grain Act of 1900, chapter 39.

APPENDIX B.

AMENDMENTS TO THE INSPECTION AND SALE ACT.

No. 1.

That the following be added as clause L of section 48 of the Inspection and Sale Act:—
(L.) The expression 'hard red Fife Wheat' shall mean wheat that is red in colour and of the Red Fife variety.

No. 2.

That paragraph B of section 52 of the Inspection and Sale Act be amended by striking out the words 'Province of Manitoba' in the second line and inserting in lieu thereof the words 'Provinces of Manitoba, Saskatchewan and Alberta.'

No. 3.

That section 119 of the Inspection and Sale Act be amended by striking out the words 'other than oats' at the end of the second and beginning of the third lines thereof.

No. 4.

That subsection 1 of section 123 of the Inspection and Sale Act be amended by striking out all the words after the word 'dealer' in the seventh line and inserting in lieu thereof 'railway companies and other transportation companies shall notify the Inspection Department of the arrival of cars of grain at points where inspection is authorized and of their position in the railway yard, and shall not move such cars until they have been notified by the Inspection Department that the sampling of the grain is completed.'

No. 5.

That section 123 of the Inspection and Sale Act be amended by inserting the following as subsection 3:—

3. 'Should any car on arrival at terminal elevators be found by the inspector to be plugged or wrongfully loaded with intent to deceive, the grain in such car shall be re-inspected, and should the first inspection be altered the original certificate shall be recalled and a new one issued in accordance with the re-inspection and shall be final.'

No. 6.

That the following be inserted in the Inspection and Sale Act as sections 126A and 126B:—

126A. All grain stored as aforesaid shall be binned under the direction, supervision and control of the inspector, deputy inspector or inspecting officer. Such inspector, deputy Inspector, or Inspecting Officer shall have full control of all grain in such terminal elevator and no grain shall be shipped out, transferred or removed therefrom without his authority.

The inspector shall keep the proper records of all grain received into store in such elevator, which records shall show the particulars of each parcel or car lot of grain received, the date received, the grade, the dockage (if any) and the bin number in which such grain has been stored, and he shall keep similar records of all grain shipped from such elevator which shall also give the name of the vessel or the number of the car into which such grain has been delivered.

No grain shall be transferred from one bin to another in such elevator without the authority of the proper inspecting officer who shall record such transfer in proper books.

Provided, however, that no grain shall be specially binned for any person, firm or corporation in any terminal elevator within this division except in cases where it is found to be out of condition on arrival at such terminal, and in cases where it has gone out of condition while in store as provided in sections 34 to 38 of the Manitoba Grain Act.

2. All grain marked by the Inspection Department for cleaning shall be cleaned under the supervision of such Inspection Department or inspecting officer before being binned, and such inspector may condemn any cleaning machine which in his opinion is not doing satisfactory work and order machines installed which will satisfactorily clean such grain to its proper grade, and he shall also have the power where he finds the cleaning facilities inadequate to order the installation of such additional machines as will meet the requirements.

3. Where grain rejected for dirt is ordered to be cleaned by the owner the cleaning shall be subject to the supervision of the inspecting officer.

126B. The chief inspector subject to the approval of the Minister of Trade and Commerce may make such rules and regulations as shall be necessary for the control of the binning and cleaning of all grain stored in terminal elevators including the transferring of grain from one bin to another, and the delivery of grain from the bins into cars, vessels or other receptacles.

No. 7.

That section 128 of the Inspection and Sale Act be amended by inserting the following as subsection 3 thereof:—

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3. The chief inspector shall issue such rules and regulations governing the inspection and outward shipments of grain from Fort William as will satisfactorily identify the inspection certificates with the lake bill or the railway shipping bill and the lot or parcel of grain covered by such certificate.

No. 8.

That subsection 1 of section 130 of the Inspection and Sale Act be amended by inserting after the word 'accordingly' in the last line thereof the following:—

If the owner or possessor so desires he may call for a fresh sample to be drawn by the Inspection Department for use on re-inspection or survey; and in case it be drawn for the purpose of survey it shall be sent to the secretary of the survey board.

No. 9.

That the Inspection and Sale Act be amended by striking out section 131 thereof.

No. 10.

That section 135 of the Inspection and Sale Act be amended by striking out all the words in the section after the word 'certified' in the fourth line and inserting in lieu thereof, 'He shall also state in his certificate the percentage of dirt contained in grain inspected by him as rejected because of too much dirt. In case such dockage contains a proportion of domestic grain the percentage of same shall also be marked on the certificate.'

No. 11.

That section 136 of the Inspection and Sale Act be amended by inserting at the end of the definitions of the grades of winter wheat the following:—

No. 1 Alberta White wheat shall be pure white winter wheat, sound and clean, weighing not less than sixty pounds to the bushel.

No. 2 Alberta white winter wheat shall be white winter wheat, sound and clean, weighing not less than fifty-eight pounds to the bushel.

No. 3 Alberta white winter wheat shall include white winter wheat not clean enough nor sound enough to be graded as No. 2, weighing not less than fifty-six pounds to the bushel.

No. 12.

That section 137 of the Inspection and Sale Act be amended by inserting at the beginning of the definitions of the grades of oats the following:—

No. 1 Alberta oats shall be white, sound, clean and free from other grain; shall contain 95 per cent of white oats and shall weigh not less than forty-two pounds to the bushel.

No. 13.

That section 137 of the Inspection and Sale Act be amended by inserting under the heading of 'Spring Wheat' and after the definition of 'No. 2 Manitoba Northern Wheat' the following clause:—

No. 1 Manitoba bleached wheat shall contain wheat slightly bleached by weather conditions, and tough and slightly damp wheat that has been properly treated and fit for storing, all of which in the discretion of the inspector has not been injured for milling purposes, and that otherwise would have graded one hard or one northern, and weighing not less than sixty pounds to the bushel.

No. 14.

That section 137 of the Inspection and Sale Act be amended by inserting under the heading of 'Spring Wheat' and after the definition of 'No. 1 Manitoba Bleached Wheat' (as suggested in amendment 13) the following clause:—

Red varieties of spring wheat other than Red Fife may be graded one northern or lower in the discretion of the inspector.

APPENDIX 'C.'

PROVISIONS AS TO WEIGHING.

To replace sections 94, 95, 96, 97, 98, 99, 100, 101 and 102 of the Inspection and Sale Act, and sections 10, 11, 12, 13, 14, 15 and 16 of the Manitoba Grain Act.

No. 1.

The Governor in Council may appoint a chief weigh-master whose duties and powers shall be defined by Order in Council, and may also in any place where inspection of grain is authorized by the Inspection and Sale Act in the inspection Division of Manitoba as defined by paragraph (b) of section 52 of the said Act, or where is situate any public terminal elevator or in elevators east of Fort William and Port Arthur which receive Manitoba grain for storage or transhipment doing business for compensation, appoint a weigh-master and such assistants as are necessary, and such weigh-masters and assistants shall receive such compensation by fees or otherwise as determined by the Governor in Council.

(2) The chief weigh-master and every weigh-master or assistants so appointed shall before exercising the duties of his office subscribe to an oath of office and furnish a guarantee bond in such amount as the Minister of Trade and Commerce directs.

(3) The weigh-masters and assistants shall be under the direction of the chief weigh-master, who shall have the right of dismissal of any weigh-master or assistant for cause.

No. 2.

The chief weigh-master shall have supervision over the weighing of all grain in any place in the Manitoba division where inspection of grain is authorized under the Grain Inspection Act, or where is situate any public elevator, and shall have supervision of the receiving, binning and weighing in any elevator or warehouse east of Fort William and Port Arthur handling or storing Manitoba grain for a compensation.

No. 3.

The chief weigh-master may direct the removal of any scale which in his opinion is unsuitable for the weighing of grain, and may order the installation of scales of a type and capacity approved of by him. In case the chief weigh-master or superintendent believes any scales to be weighing inaccurately he may order the discontinuance of the use of such scales pending the inspection thereof by the inspector of weights and measures.

No. 4.

Every such weigh-master or assistant shall give upon demand to any person having weighing done by him a certificate under his hand, showing the amount of each weighing, the number of each car or cargo weighed, the initial of the car, the place where weighed, the date of weighing, and the contents of the car or cargo, and such certificate shall be in all cases *prima facie* evidence of the facts therein set forth.

(2) An extract from the record kept by any weigh-master or assistant in pursuance of the next following section of this Act, certified by the chief weigh-master or by any weigh-master or assistant, shall be *prima facie* evidence of the facts set forth in such extract.

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No. 5.

All weigh-masters and their assistants shall make true weights, under the penalties in this Act provided, and keep a correct record of all weighing done by them at the places for which they are appointed, in which record shall be entered an accurate account of all grain weighed, or the weighing of which was supervised by them or their assistants, giving the amount of each weight, the number of each car weighed, the initial letter of each car or the name of each vessel, the place where weighed, the date of weighing and the contents of the car or cargo.

No. 6.

The fees for the weighing of grain shall be such as are determined by the Governor in Council, who may from time to time increase or reduce them.

No. 7.

The chief weigh-master may adopt rules and regulations for the weighing of grain in his division subject to the approval of the Minister of Trade and Commerce.

No. 8.

If any owner, lessee or other occupant of any elevator to which a weigh-master or assistant weigh-master has been appointed under this Act, by himself or by his agent or employee, refuses or prevents a weigh-master or any of his assistants from having access to such elevator or to any scales therein or connected therewith, in the regular performance of their duties in supervising the weighing of grain in accordance with this Act, he shall, upon summary conviction, be liable to a penalty not exceeding one hundred dollars for each offence.

No. 9.

The oath of office required under this Act, taken by the chief weigh-master, weigh-master or assistant weigh-master, shall be transmitted to and be filed in the Department and the justice of the peace administering the oath shall keep in his custody a copy thereof certified by him as such; and any copy so certified by such justice of the peace or by the Deputy Minister of Trade and Commerce shall be *prima facie* evidence of such oath.

No. 10.

For the purpose of verifying any statement made by a weigh-master of the quantity of grain weighed by him at any elevator, the books kept in connection with such elevator shall at all times be open to inspection by any authorized officer of the Department.

No. 11.

Any person who directly or indirectly gives or offers, or promises to give, or procure or be given, any bribe, recompense, or reward to, or makes any collusive agreement with, any weigh-master or assistant, or who makes use of or threatens to make use of, any force, violence or restraint, or inflicts or threatens the infliction of any injury or loss upon any weigh-master or assistant, or upon any other person in order to improperly influence such weigh-master or assistant in the performance of his duties under this Act, is guilty of an indictable offence and liable to imprisonment for a term not exceeding two years or to a penalty not exceeding two hundred dollars, or to both.

APPENDIX 'D.'

CAR ORDER BOOK.

Date.....

ORDER.

1 Station.
 To be placed at.....
 Capacity of car.....
 Destination.....
 Date when supplied.....
 Date when cancelled.....
 Date when loaded.....
 No. car supplied.....

I hereby declare by myself or agent appointed in writing that at time of making this order I am the actual owner of a carlot of grain for shipment.

(Applicant's signature).....

(Agent's signature).....

CAR ORDER BOOK.

Date.....

ORDER.

1 Station.
 To be placed at.....
 Capacity of car.....
 Destination.....
 Date when supplied.....
 Date when cancelled.....
 Date when loaded.....
 No. car supplied.....

I hereby acknowledge receipt of \$2.00 fee with this order to be returned when this car is loaded, or cancelled before being supplied.

(Station agent's signature.)

APPENDIX 'E.'

WINNIPEG, February 1, 1907.

The Right Hon. SIR RICHARD CARTWRIGHT, K.C.M.G.,
 Minister of Trade and Commerce,
 Ottawa, Ont.

SIR,—In pursuance of the communication of the 23rd January from your Department, enclosing copy of letter from members of the House of Commons to the Right Honourable Premier, asking that the Royal Grain Commission be instructed to specifically investigate the status of terminal elevators, and to report thereon without waiting for the completion of its general report, we would say we have already investigated the status of the elevators at Fort William, but we are not prepared, and do not think it would be advisable to complete our report now on the Fort William elevators, owing to the fact that we must of necessity deal with all other elevators handling wheat to the eastward, and the fact that our findings in Great Britain may have an important bearing on the report. We cannot, therefore, go any further at present than to report as follows:—

1. We find that there is only one group of elevators now in Fort William owned and operated by a common carrier, namely, the elevators of the Canadian Pacific Railway Co. Another elevator (commonly known as King's), while owned by the Canadian Pacific Railway Co., is operated by a private company, but solely for the purpose of handling off grades and dirty grain. In our report we will have to deal specially with this elevator.

2. We find that the Canadian Northern elevator, while owned by the Canadian Northern Railway Co., is leased and operated by the British American Elevator Co., which is a Canadian branch of the Peavy Company of Minneapolis, which is engaged in the grain business.

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3. We find that the Empire elevator is owned and operated by a private corporation, stockholders of which are also stockholders in four of the largest elevator companies in the west.

4. We believe that it is the purpose of a private corporation to build an elevator on the Kaministikwia river at Fort William, to be known as the Western elevator, the shareholders of which are members of grain dealing firms.

5. The Grand Trunk Pacific Railway Co. say it is not in a position to give definite information as to the operation of its elevators, but from its reply and from other sources of information we have reason to believe it is the intention to lease its elevators to a private corporation, and among the stockholders of this private corporation we understand there are stockholders of corporations engaged in the grain business.

6. We find that there is another elevator being built by the Ogilvie Milling Co. to replace the one which was wrecked in the spring of 1906. We understand this company purposes putting its elevator on the same basis as the other terminal elevators for the purpose of handling grain of all kinds owned by any shipper who may wish to make use of its building. As this elevator is designed no doubt largely for its own use as a milling company, we would require time for the consideration of what restrictions should be put upon it, and the matter will be dealt with in our full report.

7. We find it has been the tendency at Fort William for elevators to go under the control of private companies and we believe this tendency will continue. These private companies through their allied companies buying grain in the country are able to secure shipments of grain to their terminal elevators, and are thus in an advantageous position to compete with the elevators of common carriers, who have no control over the destination of grain carried by them.

8. We believe the operating of terminal elevators by private companies under the present regulations would be detrimental to the interests of the trade, and would tend to destroy public confidence in the results obtained therefrom. Our reasons for believing this are, that the elevator companies (if they so wished) would be able to manipulate the grades for their own benefit, and not to clean the grain up to the dockage set by the government inspector.

9. The fact that an elevator is owned and operated by a railway company does not with the present regulations, in our opinion, necessarily insure protection to the public. We would like, however, to see the elevators at present owned, or to be owned, by the railways operated by them.

10. To prevent the evils that are made possible by the operation of terminal elevators under the present system, we do not think it wise to advise the government to go to the length of taking over the terminal elevators or of prohibiting persons engaged in the grain trade being interested in such terminals. We believe it is possible to obtain a good service from these elevators under the present ownership by having a more thorough system of supervision and control.

11. From the correspondence we assume you expect us to report on a plan which would be satisfactory for the operating of those terminal elevators, but the matter opens up such a large question, and involves so many interests and so many phases of the trade that we do not feel it would be wise to report on this matter at the present time.

We have the honour to be, Sir,

Your obedient servants,

JNO. MILLAR,

W. L. McNAIR,

GEO. E. GOLDIE.

